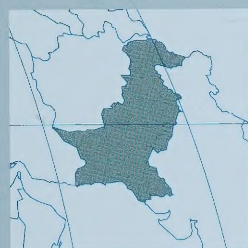
JURA ENERGY CORPORATION



2006 ANNUAL REPORT

CORPORATE PROFILE

Jura Energy Corporation is an oil and gas exploration company with assets in Pakistan. It holds a balanced portfolio of oil and gas interests including one production/development project, one large gas to power project, one appraisal project and five exploration blocks covering 4,923 km^2. Jura's head office is located in Calgary, Alberta with branch offices in Dubai, United Arab Emirates and Islamabad, Pakistan. Jura is listed on the Toronto Stock Exchange trading under the symbol JEC.

ANNUAL MEETING

The Annual and Special Meeting will be held at 10:00 a.m. Wednesday, March 14, 2007 at the offices of Stikeman Elliott LLP, #4300, 888 – 3rd Street SW. Calgary, Alberta.

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Highlights

JURA INVESTMENT HIGHLIGHTS

Potential increase in cash flow from two development wells to be drilled in the first half of 2007

❖

Potential exploration upside with 10 low-medium risk exploration wells in the next 36 months

❖

Additional 14 development wells in the next 36 months

❖

Experienced international management team

❖

Strong relationship with Pakistani partner – Petroleum Exploration (PVT) Ltd. ("PEL")

❖

PEL is a large commercial group with extensive holdings in Pakistan and is Jura's partner on all exploration and development projects

❖

Access to infrastructure

PAKISTAN INVESTMENT HIGHLIGHTS

Country with abundant land and natural resources, including extensive mineral reserves

❖

Liberal investment policy with equal treatment to local and foreign investors and full legal protection of foreign investment

❖

Strong human resources including an educated and skilled work force, cost-effective human resources and widespread use of English

❖

Well-established infrastructure and legal systems, including comprehensive road, rail and sea links, good quality telecommunications and IT services and modern company law

❖

Specific energy infrastructure includes 8,000 km of transmission lines and 53,000 km of distribution lines

❖

Strategic location as a regional hub serving as a gateway to the Central Asian Republics and having strong and long-standing links with the Middle East and South Asia

❖

Over 600 foreign companies currently operating in the country, including approximately 10 major independent oil and gas exploration companies

❖

Fewer than 650 exploration wells drilled in the entire country

❖

Domestic production shortfall of over 300,000 Bbopd and 500 MMcfpd of gas

❖

High GDP growth

Source: Board of Investment, Government of Pakistan (see – www.pakboi.gov.pk)

President's Message

I am extremely pleased to be able to address our shareholders, in this, the first annual report of Jura Energy Corporation. Jura was formerly named Proprietary Industries Inc. and operated as a merchant bank; in June 2006 the Company changed its name and its principal business activity to oil and gas exploration and production. Since this date Jura has already achieved a number of notable milestones toward building a significant regional energy company.

We have acquired an interest in a producing gas field, which is currently undergoing further development, together with a large participating interest in a number of other properties including a gas-to-power project, a gas appraisal project, and five high impact exploration licences; all of our properties are located in Pakistan.

We have also received confirmation from the TSX that Jura meets the listing requirements for an oil and gas company. Accordingly, we will continue to be listed on the senior exchange at the TSX.

Production

Effective November 2006, Jura acquired a net 10.5% interest in Block 22, located in the Central Gas Basin in Pakistan. This transaction closed in early January, subsequent to the preparation of our year end financial statements. The Block 22 assets comprise three gas fields, Hasan, Khanpur and Sadiq, together with the Hamza appraisal area; gas is currently being sold into the local gas grid. Two new development wells have been approved and are currently scheduled to be drilled in the second quarter 2007. We are extremely pleased with the acquisition and we are encouraged by the further appraisal and development potential that exists in the block.

Gas to Power

Jura owns a 37.5% interest in the Kandra Gas Field, also located in the Central Gas Basin. The field received development approval by the Government of Pakistan in January 2006. A recent third party engineering report has confirmed that the gas initially in place is 2.4 Tcf (gross) of 160 Btu/Scf gas, over 900 Bcf net to the Company. The Development Plan envisages the infield processing of the low Btu gas and the blending with grid quality gas to provide a feedstock for a power facility that will generate electricity for the northern Sindh Province. In January, we submitted a proposal for the refurbishment of an existing power facility with our local partner. The Kandra Field development is an exciting project which allows us to participate in the high growth electricity generation sector. The Pakistan economy is currently expanding at an estimated GDP growth rate of 7% per annum. This is fuelling an unprecedented demand for power which is creating exciting opportunities in the sector.

Gas Appraisal

Located at a depth of approximately 2,000 metres below the Kandra Gas Field is the Lower Goru gas appraisal project, a separate potential reservoir. Jura owns a 47.5% interest. This large potential gas resource was drilled some years ago but was never exploited. We plan to drill a well to appraise the commerciality of the resource.

Exploration

Additionally, we own between a 47.5% and 50% interest in five high impact exploration blocks located in areas ranging from the northern Potwar Basin through the Central Gas Basin to the Lower Indus Basin. A total of ten exploration wells are planned over the next 36 months.

Our exploration campaign started in earnest during the month of January 2007 when a seismic crew was mobilized from China to Pakistan. Jura has committed to a minimum of 600 line kilometres of seismic which will be shot over seven of the Company's licences. The entire program is expected to take up to eight months to complete.

Pakistan is a country with huge potential resources which has been historically under explored with fewer than 650 exploration wells having ever been drilled. The investment climate is extremely positive being characterized by attractive fiscal terms, the absence of exchange controls, access to infrastructure and an extremely supportive Government.

Jura offers an exciting opportunity to share and participate in the growth of Pakistan through a balanced portfolio of assets spread across the entire oil and gas risk spectrum from gas production, appraisal, exploration together with a gas-to-power development and electricity generation project. Twenty-seven wells will be drilled over the coming two to three years comprising two production wells, ten exploration wells, one appraisal and fourteen development wells.

In the short time we have operated in this sector, we have managed to put together an experienced management team with extensive international experience. We have developed a very strong relationship with our in-country partner, Petroleum Exploration (PVT) Ltd. Our assets are located in a country with a positive operating environment. We believe that we are extremely well positioned to capitalize on many exciting opportunities in Pakistan. I encourage you to read more about our company and assets in the pages that follow and hope that you share our enthusiasm for what lies ahead.

Finally, I would like to take this opportunity to thank all of our shareholders who have been, and continue to be, extremely supportive as well as to thank all of our staff who have worked tremendously hard through this transition period.

In particular, I would like to recognize the contributions made by Bill Berezan, our outgoing CFO, as well as Frank Davis who will be retiring as a director at the Annual Meeting in March. I believe the next twelve months will be an exciting period in the growth of our Company and I am looking forward to the coming year's results.

Sincerely,

Nigel R. McCue
President and CEO
January 2007

Jura's wholly-owned subsidiary, Frontier Holdings Limited, has interests in 11 exploration and development projects. The 11 interests cover a total area of 1,359,980 acres with eight interests being located in the Central Gas Basin, two interests in the Lower Indus Oil and Gas Basin and one in the northern oil bearing Basin. The work program associated with these interests calls for (i) the shooting of an estimated 800 kms of 2D seismic of which 600 kms of 2D seismic has been contracted, and (ii) the drilling of 10 exploration wells and 16 development wells over a period of approximately 36 months.

CENTRAL GAS BASIN ("CGB")

The CGB is a prolific gas producing area located within the onshore Middle Indus Basin of Pakistan. Several multi-Tcf gas fields have been discovered in the CGB, some as recently as in the early 1990's. The main producing gas reservoirs are Palaeogene carbonates, e.g. the Sui Main Limestone ("SML"), plus the deeper, more recently discovered Lower Cretaceous Lower Goru Sandstones ("Lower Goru"). The multi-Tcf Mari, Miano, and Qadirpur gas fields are adjacent to Frontier's interests.

Development and Production Lease

BLOCK NO. 2768-6 (KANDRA DEVELOPMENT AND PRODUCTION LEASE)
Frontier's Interest 37.5%
(Other Interests: Petroleum Exploration (PVT) Limited ("PEL") 37.5%, Government Holdings (Private) Limited ("GHPL") – a division of the Pakistan Ministry of Petroleum and Natural Resources 25%)

The Kandra Gas Field is a multi-Tcf gas resource covering an area of 71,383 acres in the northern region of Sindh province. The field was discovered in 1957 and the Kandra Exploration License was first issued to a subsidiary of Premier Exploration Pakistan Ltd ("PEPL") and its partners in 1989. PEPL drilled Kandra-1 in 1990 and tested 5.6 MMcfpd gas from the SML zone. Kandra-2 was drilled in 1996 and tested the SML zone at 9.6 MMcfpd. PEL acquired the lease in 1999 and in 2004 drilled and tested Kandra-3 which tested 7.8 MMcfpd

of gas from the SML. The development plan was approved by the Government of Pakistan and the Development and Production ("D&P") lease was awarded in January 2006 for a period of 25 years.

The Kandra SML gas has a high carbon dioxide (CO_2) and nitrogen content which yields low heating value for the gas ranging from 146 to 390 Btu gas in production tests in the Kandra 1, 2 and 3 wells.

The Kandra field is defined as a large anticlinal structure at the SML level having an area of closure of approximately 43,227 acres and a maximum vertical relief of approximately 90 m. The field is divided into two lobes by a north-south oriented fault system which forms a graben through the crest of structure. The field is covered by a 2D seismic survey consisting of five seismic lines that were acquired in 1989 and three older lines. The gas initially in place is 2.4 Tcf (gross) of 160 Btu/scf gas, over 900 Bcf net to the Company.

PEL and Frontier intend to develop the Kandra gas reserves by selling gas to an existing power station after partial removal of the CO_2 gas. In January 2007, we submitted a proposal for the refurbishment of the existing facility with our local partner. The power station is located approximately 22 km to the north of the Kandra field and will require the installation of new gas turbines to accommodate these volumes.

The operator will acquire 306 kms of 2D seismic data over the Kandra field in early 2007 with the objective of fully delineating the SML structure, accurately mapping faults and thereby optimally positioning future development wells.

Following interpretation of this data, it is expected that six SML development wells will be drilled. The lease has a term of 25 years and expires in January, 2031.

A technical report in compliance with National Instrument 51-101 relating to Jura's interest in the gas field has been prepared by McDaniel & Associates Consultants Ltd., Calgary.

BLOCK NO. 22 (HASAN, KHANPUR AND SADIQ GAS FIELDS AND HAMZA APPRAISAL AREA)
Frontier's Interest 10.53%
(Other Interests: PEL 31.44%, GHPL 22.5%, Pakistan Petroleum Limited 35.53%)

The producing fields in Block 22 comprise the Hasan, Khanpur and Sadiq fields. The producing reservoir is contained within the SML of Eocene age. To date, 31.2 Bcf has been produced. In addition, the Hamza appraisal area contains two wells that have tested gas from the SML but are not producing.

In total, the fields are currently producing approximately 16 MMcfpd of gas into a processing facility located adjacent to the Hasan Field, where it is delivered and sold to the Sui Northern Gas Pipeline Ltd. A total of three wells are currently producing. Two new production wells have been budgeted and are currently scheduled to be drilled in the first half of 2007, with a view to increasing production rates in the Hasan and Khanpur fields.

Jura anticipates additional work that includes drilling an additional development well at Sadiq, an appraisal well at Hamza, the construction of a pipeline from the Hamza field, and additional facility upgrades, including the installation of compression. Additional wells may also be drilled in 2009 as production from the existing wells decreases.

A technical report in compliance with National Instrument 51-101 in respect of Jura's net 10.53% interest in Block 22 has been prepared by McDaniel & Associates Consultants Ltd., Calgary.

Exploration Licences

BLOCK NO. 2768-6
(KANDRA EXPLORATION LICENCE)
Frontier's Interest 47.5%
(Other Interests: PEL 47.5%, GHPL 5%)

The Kandra exploration licence covers an area of 112,632 acres and includes the area of the Kandra D&P lease. The main focus of the exploration effort in the Kandra block will be the delineation of the Lower Goru Basal and Massive Sands that were penetrated in the Khairpur-2 and Kandra-1 wells in 1957 and 1990 respectively. The Khairpur-2 well encountered gas shows within the Basal Sand/Massive Sand units of the Lower Goru and samples of high Btu gas were obtained. The Kandra-1 well encountered residual gas shows

but no gas flowed during drill stem testing, the interpretation being that this well is possibly located near to a gas-water-contact.

The operator will acquire new seismic data and reprocess existing data over the field with a view to identifying a suitable location for drilling an appraisal well to test the Lower Goru. The Basal and Massive Sands targets are expected to occur at depths of 6,250 feet and 6,480 feet respectively.

BLOCK NO. 2769-9 (MIRPUR MATHELO)
Frontier's Interest 47.5%
(Other Interests: PEL 47.5%, GHPL 5%)

The Mirpur Mathelo Block covers 254,577 acres and is located adjacent to several giant producing gas fields of the CGB, including the multi-Tcf Mari, Miano and Qadirpur Gas Fields.

Mirpur Mathelo lies within a proven play fairway comprising two established reservoir formations, (i) the Eocene carbonates of the SML, the Sui Upper Limestones ("SUL"), and the Habib Rahi, and (ii) the Lower Cretaceous Basal and Massive Sandstones of the Lower Goru. The Habib Rahi produces gas from the Mari Field while the SUL and SML produce gas from the Sui and Qadirpur fields. The deeper Lower Goru Sands produce gas from the adjacent Rehmat Field 18 km to the southeast of the block boundary and from the Miano and Sawan fields to the South.

The exploration plan for Mirpur Mathelo involves reprocessing approximately 1,250km of available existing 2D seismic data and the acquisition of 206 km of new seismic data over three already identified leads at the Lower Goru Basal Sand level.

The Company intends to drill an exploration well to test the SML and the Lower Goru targets. The SML and Lower Goru targets are expected to occur at depths of 7,220 feet and 12,140 feet respectively.

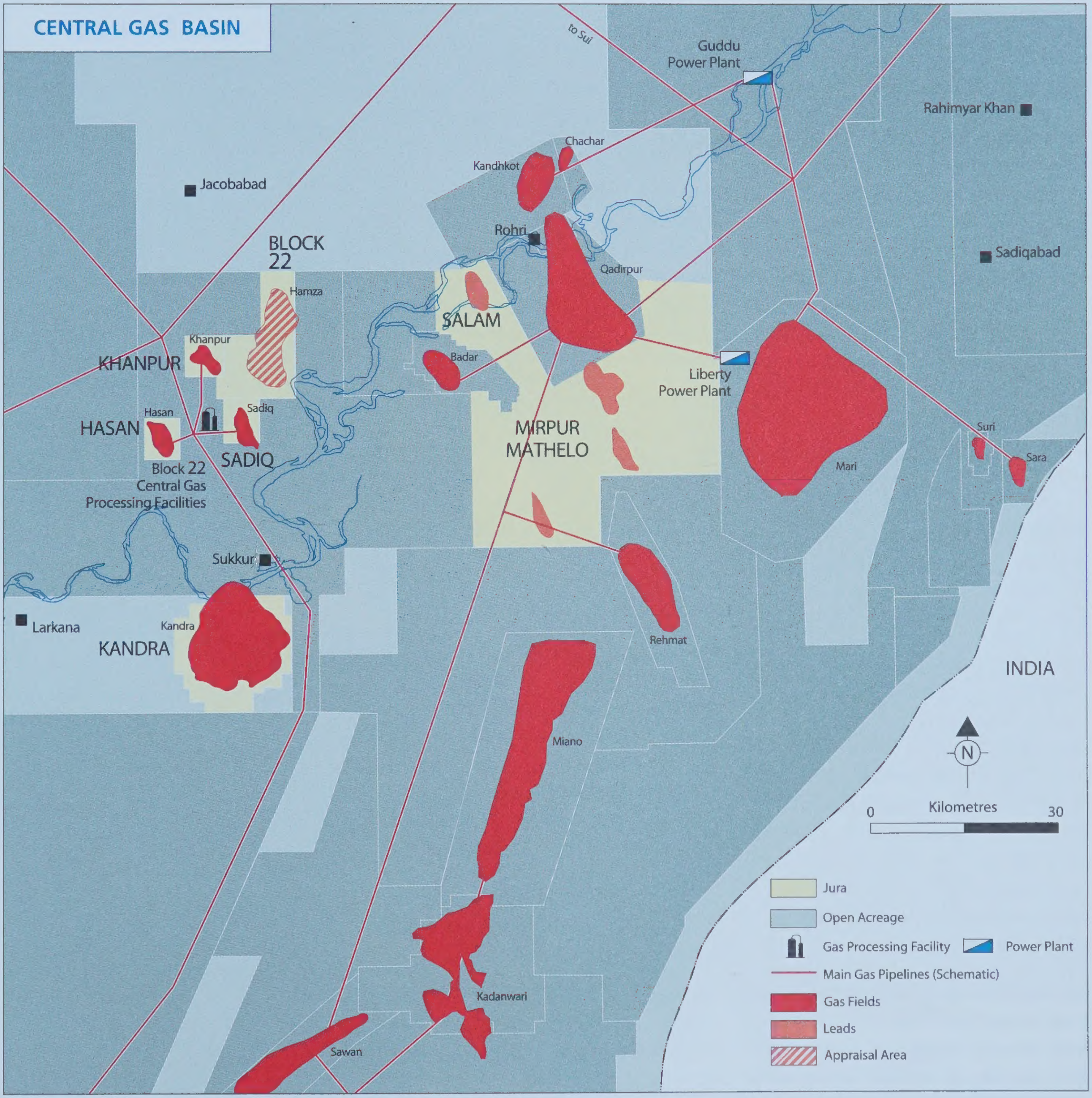
In the event of a discovery, the Pakistan Government has the right to increase its participating interest from 5% to 25% which would reduce the Company's net interest to 37.5%. The initial three year exploration period expired in March 2006; subsequent to this, two 6 month extensions were applied for and received to complete the technical work. A further 6 month extension will be applied for on expiry in March 2007.

BLOCK NO. 2769-13 (SALAM)
Frontier's Interest 50%
(Other Interests: PEL 50%)

The Salam Block covers 49,454 acres and is situated adjacent to the Mirpur Mathelo block next to the giant producing gas fields of the CGB, including the multi-Tcf Mari, Miano and Qadirpur Gas Fields.

The exploration targets in Salam are the proven SML carbonates plus the Cretaceous Pab Sandstones and the Lower Goru Sandstones.

The exploration program for Salam is designed to upgrade one SML lead currently mapped on the existing seismic data to drillable prospect status in addition to delineating possible closure at the Lower Goru level. The SML lead, though subtle, covers a relatively large area and is situated close to the flank of the main Indus River tributary system. As a result, the existing seismic coverage at Salam is of poor quality. Additional seismic acquisition of approximately 72 km is planned, as well as the reprocessing of the existing seismic data, to better delineate the flank of the lead. The new data will also help address the definition of deeper potential, in the Pab and Lower Goru sandstones.


CENTRAL GAS BASIN
to Sui
Guddu
Power Plant
Rahimyar Khan
Chachar
Kandhkot
Jacobabad
Rohri
Sadiqabad
BLOCK
22
Qadirpur
Hamza
SALAM
Khanpur
KHANPUR
Badar
Liberty
Power Plant
Hasan
Sadiq
HASAN
MIRPUR
MATHELO
Suri
Sara
Mari
SADIQ
Block 22
Central Gas
Processing Facilities
Sukkur
Larkana
Kandra
KANDRA
Rehmat
INDIA
Miano
N
0
Kilometres
30
Jura
Open Acreage
Gas Processing Facility
Power Plant
Main Gas Pipelines (Schematic)
Gas Fields
Leads
Appraisal Area
Kadanwari
Sawan

LOWER INDUS BASIN

The Badin IV North and Badin IV South Blocks are situated in the main oil and gas province of Sindh in the onshore Lower Indus Basin and cover an area of 620,571 acres net to Frontier. The Badin IV North and Badin IV South Blocks have been carved out of the previous Badin Block which until recently was operated by British Petroleum. The previous Badin Block contains 59 oil and gas discoveries that have been developed under separate D&P Leases (1.62 Tcf and 225 MMbbl of original recoverable reserves). The main producing reservoirs are Cretaceous sands.

Exploration Licences

BLOCK NO. 2468-6 (BADIN IV NORTH)
Frontier's Interest 50%
(Other Interests: PEL 50%)

The Badin IV North Block covers an area of 307,900 acres, (excluding the separate D&P licenses mentioned above), and is situated within the province of Sindh in the Lower Indus Basin. The established reservoirs are the various sandstones of the Lower Goru Formation, predominately the Upper Sands and Middle Sands although the more recently proven Basal and Massive Sands are now established exploration targets and will be the main focus of the exploration effort.

The immediate exploration program for the Badin IV North block is to firm up three of the leads currently identified on existing seismic data. Jura plans to reprocess existing seismic data and acquire new seismic data over these leads in order to upgrade them to drillable prospect status.

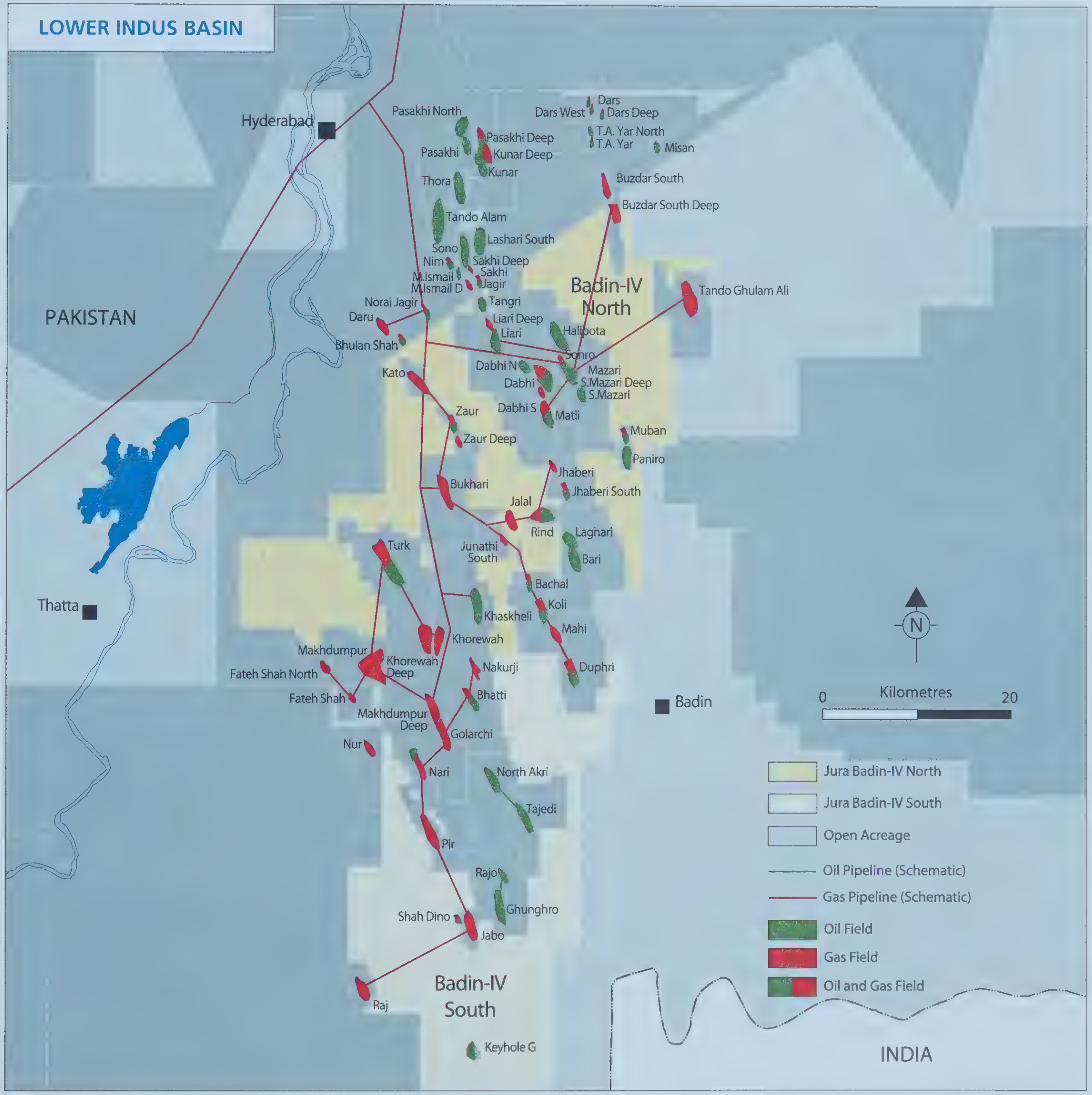
Jura intends to drill and test an exploration well in the next 36 months. The Lower Goru targets are expected to occur at depths of up to 9,850 feet. Two further wells are planned to depths of 10,171 feet and 7,547 feet respectively. The license has a term of five years and expires in January 2011.

BLOCK NO. 2468-5 (BADIN IV SOUTH)
Frontier's Interest 50%
(Other Interests: PEL 50%)

The Badin IV South Block covers an area of 312,670 acres, excluding the original Badin Block D&P licenses, and lies in a similar geological setting to Badin IV North and has similar exploration targets.

The exploration program for the Badin IV South block is to firm up four of the leads currently identified on existing seismic data. The Company will reprocess existing seismic data and acquire new seismic data over these leads in order to upgrade them to drillable prospect status and expects to be able to drill and test an exploration well in the next 36 months. The Lower Goru targets are expected to occur at depths of up to 10,171 feet. Three further wells are planned. The license has a term of five years and expires in January 2011.

The terms of the Concession Agreement requires, among other things, the drilling of four wells in total, to depths of between 8,200 feet to 10,171 feet.


LOWER INDUS BASIN
Hyderabad
PAKISTAN
Thatta
Badin
INDIA
Badin-IV North
Badin-IV South
Pasakhi North
Pasakhi Deep
Pasakhi
Kunar Deep
Kunar
Thora
Tando Alam
Lashari South
Sono
Nim
Sakhi Deep
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Bhulan Shah
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Matli
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Dars
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T.A. Yar North
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Tando Ghulam Ali
Muban
Paniro
Jhaberi
Jhaberi South
Bukhari
Jalal
Rind
Laghari
Bari
Turk
Junathi South
Bachal
Koli
Khaskheli
Mahi
Khorewah
Makhdumpur
Khorewah Deep
Fateh Shah North
Fateh Shah
Nakurji
Duphri
Bhatti
Makhdumpur Deep
Golarchi
Nur
Nari
North Akri
Tajedi
Pir
Rajo
Ghunghro
Shah Dino
Jabo
Raj
Keyhole G
N
0
Kilometres
20
Jura Badin-IV North
Jura Badin-IV South
Open Acreage
Oil Pipeline (Schematic)
Gas Pipeline (Schematic)
Oil Field
Gas Field
Oil and Gas Field

POTWAR BASIN

The Potwar Basin lies at the northern extremity of the Upper Indus Basin and is the oldest producing basin in Pakistan. The Basin is predominately oil-prone. Eocene and Palaeocene carbonates are the most productive reservoirs although more recent exploration targets are the deeper Permian formations.

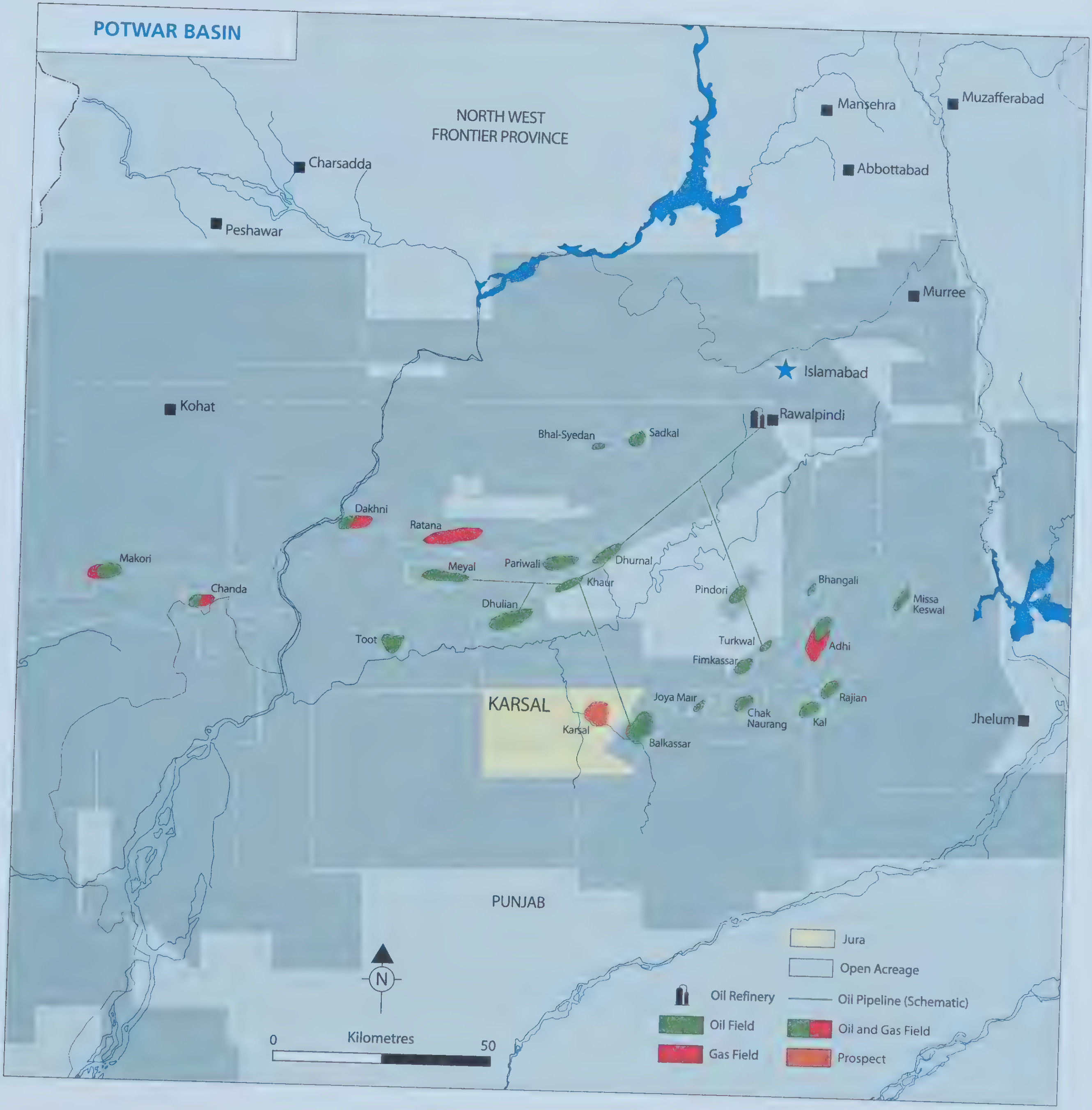
Exploration Licence

BLOCK NO. 3272-12 (KARSAL)
Frontier's Interest 50%
(Other Interests: PEL 50%)

The Karsal Block covers 178,931 acres and is situated in the oil prone Potwar Basin. The block contains the Karsal Field that is adjacent to the Balkassar Field in the adjoining block to the east. The Balkassar Field has produced about 34.2 MMbbl of oil from Eocene age carbonate reservoirs. Karsal, on the other hand, has produced only a total of about 150,000 bbl oil from two wells that were drilled in the early 1950's. The Company believes that the Karsal Block holds considerable exploration and appraisal upside potential since the wells drilled on the block were drilled without the benefit of seismic and modern acidising technology. In addition, the deeper proven Sakesar carbonates were never tested and nor were the deeper Permian Chhidru and Tobra targets penetrated.

The immediate exploration program for the Karsal Block is to reprocess and map the existing seismic data with a view to acquiring additional 2D seismic to better define the Karsal Field structure. The reprocessed and new seismic will better define the structure and help identify a suitable location for the drilling of an appraisal well.

The Company expects to acquire a 2D seismic program over the Karsal Field in the next year. The work commitment includes a contingent well to be drilled to a depth of approximately 11,480 feet. The licence has a term of five years and expires in June 2010.


POTWAR BASIN
NORTH WEST FRONTIER PROVINCE
Charsadda
Peshawar
Mansehra
Muzafferabad
Abbottabad
Murree
Islamabad
Rawalpindi
Kohat
Bhal-Syedan
Sadkal
Dakhni
Ratana
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Balkassar
Jhelum
PUNJAB
Jura
Open Acreage
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Oil Refinery
Oil Pipeline (Schematic)
Oil Field
Oil and Gas Field
Gas Field
Prospect
0
Kilometres
50

This Management Discussion and Analysis was prepared as of December 13, 2006, and should be read in conjunction with the Audited Consolidated Financial Statements and Notes thereto for the year ended September 30, 2006, each of which have been prepared in accordance with Canadian generally accepted accounting principles. Additional information relating to Jura Energy Corporation ("Jura" or the "Company") is available on SEDAR at www.sedar.com.

Forward Looking Statements

This Management Discussion and Analysis ("MD&A") may contain forward looking statements and information. Forward looking statements are statements that are not historical fact and are generally identified by words such as "believe", "expect", "project", "could", "anticipate", "intend", "plan", "likely", "will" or similar words suggesting future outcomes. By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward looking statements and information. Risks and uncertainties include, but are not limited to, risk with respect to: general economic, business and political conditions; the oil and gas industry, such as operational risks in exploring for, developing and producing crude oil and natural gas, and market demand for oil and natural gas; geology of oil and gas deposits; uncertainty of reserves estimates, reserves life, and estimates and projections relating to production, costs and expenses; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; health, safety, environmental; property values; foreign regulations and taxes; civil unrest or military action; acts of, or actions against, international terrorism; corporate restructuring and related costs; capital and operating expenses; pricing and availability of capital and financing; and foreign currency exchange rate fluctuations and currency exchange controls. Readers are cautioned not to place undue reliance on these forward looking statements and information. The Company does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether as a result of new information, future events or otherwise.

Change in the Nature of Business and Operations

In June 2006, the Company completed an acquisition of oil and gas interests in Pakistan (as described under "Investment Acquisition" in this MD&A). As a result of this purchase, the Company changed the nature of its business and operations from that of a merchant bank to that of a company engaged primarily in the business of oil and gas exploration and development. The Company previously operated as Proprietary Industries Inc., however effective June 19, 2006 it changed its name to Jura Energy Corporation.

As the Company's oil and gas operations are in the exploration and development stage, currently there are no revenues from oil and gas operations. Furthermore, with the transition of the Company from merchant bank operations to oil and gas operations, virtually all of the financial information and much of the other information contained in this MD&A relates to the merchant bank operations, as historical information for the Company's oil and gas operations has not been formed. In future periods, much of the financial information contained in this MD&A will be of little value in comparing to the future periods which will reflect the Company's oil and gas operations.

OVERVIEW

Jura Energy Corporation is listed and traded on the Toronto Stock Exchange under the trading symbol JEC. The Company is an international oil and gas exploration and development company based in Canada with interests in exploration and development properties in Pakistan.

In fiscal 2006, the Company accomplished the three objectives it established at the beginning of the year, plus one further accomplishment:

- the completion of its search for and the acquisition of a major investment, this being the Company's acquisition of its Pakistan oil and gas interests.
- the disposition of those remaining assets/investments which had negative cash flows and/or no return.
- the resolution of a number of lawsuits and the recovery of further funds/expenditures relating to various lawsuits.
- the Company completed a private placement for gross proceeds of $15,000,000.

For the year ended September 30, 2006, the Company had a net loss of $2,138,448. While revenues covered most of the operating overheads, they were insufficient to cover legal fees which were primarily associated with the costs of defending and pursuing the Company's various lawsuits. Legal fees accounted for approximately 52% of the total general and administrative expenses for the current fiscal year.

It is very difficult to compare in a meaningful manner the Company's consolidated operating results over the last three years, as the Company has gone through a restructuring of its asset base, debt obligations, and operating activities. As such: (i) most of the businesses comprising prior years' revenues and operating costs/expenses have been sold or discontinued, with prior period results reflected in discontinued operations, and (ii) there have been a significant number of different non-recurring items in each year that do not appear in the other comparative years. The table below reflects the reclassification of fiscal 2005 and 2004 operations into discontinued operations based upon fiscal 2006 continuing operations.

Year ended September 30	2006	2005	2004
Interest revenues	$ 1,260,071	$ 1,385,689	$ 245,900
Gain on sale of assets	619,033	1,626,715	1,531,124
Other revenues	719,883	1,913,638	10,513,413
Total revenue	$ 2,598,987	$ 4,926,042	$ 12,290,437
General and administrative expenses	5,720,583	7,681,035	6,580,696
Other expenses	17,304	29,698	60,693
Interest	7,523	21,148	389,232
Amortization and depreciation	18,254	110,169	316,232
Write-downs	82,149	175,800	3,950,050
Recoveries	(130,000)	(594,753)	(5,423,455)
Total expenses	$ 5,715,813	$ 7,423,097	$ 5,873,448
Net income (loss)	$ (2,138,448)	$ (2,960,485)	$ 6,867,752
– per share – basic	(0.03)	(0.05)	0.12
– per share – diluted	—	—	0.12
Net income (loss) – continuing operations	$ (2,138,448)	$ (2,497,177)	$ 6,528,677
– per share – basic	(0.03)	(0.04)	0.11
– per share – diluted	—	—	0.11
Total assets	$ 71,743,923	$ 33,328,419	$ 39,747,363
Oil and gas interests assets	$ 45,313,221	$ —	$ —
Discontinued operations:			
Revenues	$ —	$ 350,175	$ 10,514,551
Net loss before loss on disposition	$ —	$ (245,159)	$ (3,610,619)

The above table is essentially a historical reflection on the restructuring of the Company, whereby its merchant bank operations were liquidated. Most of the assets did not generate appropriate returns and the prior business activities were very diverse and seemed to lack a common objective. Comparing the past business operations of the Company with the new direction and operations of the Company will not be appropriate or meaningful.

With the Company's oil and gas operations being in the exploration and development stage, the Company's primary activity relates to a seismic program, which includes purchasing and conducting seismic and interpreting the results thereof, and to a drilling program. The latter is dependent upon the timely ability to obtain a drill rig and crew. Substantially all of the expenditures relating to these programs, including direct overhead costs, are capitalized under the Company's full cost method of accounting for oil and gas operations.

OPERATING RESULTS

The net loss for the year ended September 30, 2006 is $2,138,448 ($0.03 per share) versus a net loss of $2,960,485 ($0.05 per share) for the year ended September 30, 2005. Included in the net loss for fiscal 2006, is income of $936,211 relating to a change in the estimated carrying value of non-controlling interest in subsidiaries (minority interests), which had this estimate not changed, the net loss for the year ended September 30, 2006 would have been $3,074,659. Although the difference in net loss between the two years is not significant, the components in each year's loss vary. This variance arises primarily from the differing nature of the non-recurring items in each of these respective years, and reduced legal fees in fiscal 2006 versus fiscal 2005. With respect to the significant non-recurring items, fiscal 2005 included: (a) the sale of shares the Company held in public companies which generated a net gain of $1,471,243; (b) take-over bid expenses of $924,826; and (c) approximately $1,884,000 relating to judgments the Company received pertaining to certain lawsuits.

The general and administrative expenses for the year ended September 30, 2006 include: legal and forensic accounting expenses of $2,977,289, staffing expenses of $1,571,183, and foreign exchange losses of $109,431, which in total account for approximately 81% of the total fiscal 2006 general and administrative expenses. The similar expenses in fiscal 2005, together with the take-over bid expenses accounted for approximately 83% of the total fiscal 2005 general and administrative expenses.

For the year ended September 30, 2006, the gain on sale of assets includes the sale of an industrial lot in Phoenix, Arizona (gain of $493,942), the sale of the remaining two McGinty condominium units (gain of $24,917), and the disposition of shares the Company held in public companies (net gain of $100,174). The investment and other income for the year ended September 30, 2006 primarily consists of proceeds received by the Company as a result of certain transactions entered into which resulted in the utilization of the benefit of previous unrecognized tax losses.

Fourth Quarter

The Company recorded net income for the three months ended September 30, 2006 of $831,606 versus net income of $2,701,408 for the three months ended September 30, 2005. Although, as mentioned above, it is not reasonable to compare these two periods due to the changed nature of the Company's operations and non-recurring items at these two points in time, the most significant difference between these two three month periods was the recording in fiscal 2005 of the other income relating to the judgments received with respect to lawsuits ($1,884,399) and the sale of Pearl Exploration and Production Ltd. (formerly, Newmex Minerals Inc.) common shares ($1,321,881).

For the three months ended September 30, 2006, the revenues primarily consisted of interest earned on funds on deposit and the income earned on the utilization of the benefit of previous unrecognized tax losses. As mentioned above, income of $936,211 was recorded arising from a change in the estimated carrying value of the Company's non-controlling interest in subsidiaries.

Summary of Selected Quarterly Information

The summary below of selected quarterly information for the last two years contains those results previously reported, and as such, it may be difficult to compare each quarter as prior quarterly results contained in the summary below are not restated for operations reflected in discontinued operations in future quarters.

2006	Q1	Q2	Q3	Q4
Revenues	957,725	556,002	204,932	880,328
General and administrative expenses	1,700,365	1,368,500	1,517,262	1,134,456
Other expenses	4,371	3,600	3,946	5,387
Interest	404	(3)	—	7,122
Amortization and depreciation	2,706	2,707	2,706	10,135
Write-downs	—	82,149	—	—
Recovery of prior write-downs	—	—	—	(130,000)
Total expenses	1,707,846	1,456,953	1,523,914	1,027,100
Net income (loss)	(750,121)	(900,951)	(1,318,982)	831,606
– per share – basic	(0.01)	(0.02)	(0.02)	0.01
Net income (loss) – continuing operations	(750,121)	(900,951)	(1,318,982)	831,606
– per share – basic	(0.01)	(0.02)	(0.02)	0.01

2005	Q1	Q2	Q3	Q4
Revenues	269,026	381,014	733,708	3,810,358
General and administrative expenses	2,701,420	1,884,339	1,636,286	1,322,168
Other expenses	166,298	254,724	7,376	6,186
Interest	15,040	5,265	1,062	(219)
Amortization and depreciation	29,672	27,510	28,591	24,396
Write-downs	175,800	—	—	—
Recovery of prior write-downs	—	(351,173)	—	(243,580)
Total expenses	3,088,230	1,820,665	1,673,315	1,108,951
Net income (loss)	(2,842,421)	(1,440,718)	(1,378,754)	2,701,408
– per share – basic	(0.05)	(0.02)	(0.02)	0.05
Net income (loss) – continuing operations	(2,819,326)	(1,439,651)	(939,607)	2,701,408
– per share – basic	(0.05)	(0.02)	(0.02)	0.05

INVESTMENT ACQUISITION

On June 2, 2006 the Company completed the acquisition of certain oil and gas interests in Pakistan, comprised of a 47.5% to 50% interest in six exploration licenses and a 37.5% interest in a development and production lease covering a gas field. The acquisition consideration was: (a) the issuance of 14,958,838 common shares of the Company; (b) the payment of US $14,000,000; (c) the granting of stock options pursuant to the Company's Stock Option Plan to purchase an aggregate of 4,300,000 common shares of the Company; and (d) the agreement by the Company to issue an additional 500,000 common shares of the Company for each 100 billion cubic feet of reserves of gas proven during the five years following June 2, 2006, up to a maximum of an aggregate of an additional 7,681,918 common shares of the Company (the "Additional Consideration"). The issue of the Additional Consideration in common shares is subject to regulatory approval. If regulatory approval is not obtained when such common shares are issuable, the Company would be required to pay an equivalent amount of cash, based upon the volume weighted average trading price of the common shares, in lieu thereof. The oil and gas interests were acquired through Jura's wholly owned Bermuda subsidiary, Frontier Holdings Limited ("Frontier").

A value of $23,186,199 or $1.55 per common share has been attributed to the 14,958,838 common shares issued. This share price was the closing price on the Toronto Stock Exchange of Jura common shares on April 17, 2006, being the day prior to the initial announcement by the Company of its oil and gas acquisition. An imputed compensation amount of $3,929,220 on the stock options granted has been calculated on the basis of the variables and assumptions disclosed below under Outstanding Share Data. No value has been assigned to the Additional Consideration as the outcome of this contingency cannot be determined at this time. Legal, consulting, and similar fees, together with other expenditures directly relating to the acquisition of the oil and gas interests have been capitalized. No asset retirement or environmental remedial obligations have been recognized as the Company cannot make a reasonable estimate of the fair value of the liability, if any, due to the early stage of exploration or development activities of the properties.

The six licenses and one lease cover a total area of 1,287,548 acres, with four interests being located in the Central Gas Basin, two interests in the Lower Indus Gas and Oil Basin and one in the northern oil bearing Potwar Basin. The work program associated with these interests calls for the shooting of an estimated 600 kilometers of 2D seismic and 100 square kilometers of 3D seismic and the drilling of 10 exploration wells and 14 development wells over a period of approximately 36 months. None of the interests acquired presently have production nor any proved reserves. Further information on the Company's oil and gas properties is contained in the Company's September 30, 2006 Annual Information Form.

PROPOSED INVESTMENT ACQUISITION – PYRAMID ENERGY INTERNATIONAL INC.

On November 3, 2006, the Company signed a Share Purchase Agreement, to acquire, together with Petroleum Exploration (PVT.) Limited ("PEL"), all of the issued and outstanding shares of Pyramid Energy International Inc. ("Pyramid") from Asia Resources Oil Ltd. and Industrial Support Limited. Pursuant to the terms of the Share Purchase Agreement among the parties, Jura will acquire 66.665% of the shares of Pyramid and PEL will acquire the remaining 33.335% of the Pyramid shares.

Pyramid's only asset is a 15.7895% interest in Block 22, which is in the Central Gas Basin in Pakistan. The Block 22 assets comprise three gas fields, Hasan, Khanpur and Sadiq, together with the Hamza appraisal area. The fields are currently producing approximately 16 million cubic feet per day of gas into a processing facility located adjacent to the Hasan Field from where it is delivered and sold to the Sui Northern Gas Pipeline Ltd. Two new production wells have been budgeted and are currently scheduled to be drilled in the first half of 2007. Block 22 is operated by PEL. Jura's portion of the budgeted costs for the drilling of these production wells is US $421,000, assuming the acquisition is completed.

The consideration for Jura's interest in Pyramid is approximately US $4,748,400 in cash, plus US $1,106,700 in common shares of Jura. Completion of the transaction is subject to TSX approval and to approval of the Government and State Bank of Pakistan, as well as other customary closing conditions. The transaction is expected to close prior to January 6, 2007.

In connection with this proposed purchase, the Company has agreed to lend approximately US $2,927,700 to PEL, representing PEL's purchase consideration for its interest in Pyramid. This loan will be secured by the shares PEL holds in Pyramid and a promissory note from PEL, bear interest at LIBOR plus 1.5%, and will be repaid by set-offs against cash calls by PEL (as operator) relating to the Company's other Pakistan oil and gas interests.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2006 the Company had working capital, the amount by which current assets exceed current liabilities, of approximately $19,100,000. Accordingly, the Company has sufficient cash to meet its present operating expenses and working capital requirements. While the Company anticipates favourable outcomes in its various lawsuits, there are no assurances of this and therefore its present cash position could be eroded by any unfavourable decisions and the costs to appeal, defend, and pursue these lawsuits.

In August 2006 the Company completed a private placement for gross proceeds of $15,000,000 (see Outstanding Share Data section of this MD&A). These funds will be utilized for the Company's exploration and development activities and the proposed purchase of Pyramid. The present estimated funding requirements for the Company under its farm-in/concession agreements pertaining to its present Pakistan oil and gas interests are US $58.2 million. While the exploration and development programs for these properties is still evolving and therefore the timing and amounts are still uncertain, these estimates indicate the necessity for the Company to raise considerable additional funds in order to meet its funding requirements. The Company expects to raise funds through loans, the issue of additional share capital, a combination thereof, or some other means.

CONTRACTUAL OBLIGATIONS

The Company's head office premises lease was amended on May 8, 2006 with the lease now expiring on July 31, 2008. The lease has an early termination clause whereby beginning August 1, 2007: (a) the landlord can terminate the lease upon 90 days prior written notice so long as the landlord's exercise of the early termination is in connection with the redevelopment of the building, and (b) the Company can terminate the lease upon 90 days prior written notice. The estimated cost remaining under the lease obligation reflected in the commitment table above assumes no early termination.

The Company has leased office space in Islamabad for a two year term expiring on June 14, 2008. The lease contains an early termination clause whereby either the landlord or the Company can cancel the lease upon sixty days prior written notice. The estimated cost remaining under the lease obligation reflected in the commitment table above assumes no early termination.

In connection with the Pakistan oil and gas acquisition, Frontier is committed to provide funding for exploration, development and other activities. The Company anticipates the need to raise funds to fulfill these obligations through loans, the issue of additional share capital, a combination thereof, or some other means (see Financial Condition, Liquidity and Capital Resources section of this MD&A). The Company may be required to provide financial assistance to Frontier via guarantees, letters of credit, and/or cash deposits. In connection with the minimum estimate of Frontier's financial obligations under its exploration leases, bank guarantees totaling US $3,085,625 have been provided to the Government of Pakistan. These bank guarantees are secured by cash the Company has on deposit with a bank. While the projects are still in the development, planning and pilot project stages, and therefore the amounts and timing of the funding commitments are still being determined, the Company presently estimates its funding obligations under the farm-in/concession agreements to be approximately US $58.2 million over the next three years (inclusive of the aforesaid $3,085,625).

The Company has entered into various commitments relating to debt and office premises. The following table summarizes the Company's contractual obligations at September 30, 2006:

Payments Due By Period	< 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years	Total
Notes payable	$ 863,426	—	—	—	$ 863,426
Office premises leases	—	365,601	—	—	365,601
Total contractual obligations	$ 863,426	365,601	—	—	$ 1,229,027

RELATED PARTY TRANSACTIONS

For the year ended September 30, 2006, the Company recorded expenses of $215,419 (2005 – $289,482) for director fees and other services, which amount includes $38,669 (2005 – $98,857) relating to the imputed fair value compensation expense for stock options. At September 30, 2006, $73,000 (2005 – $20,000) was accrued to the directors and is included in accounts payable and accrued liabilities.

A company (the "specified co.") with a director in common with Jura provides loan syndication services for which the specified co. earns fees and other charges from borrowers. At September 30, 2006, the Company has no loans receivable as a syndication member through the specified co. For the year ended September 30, 2006, $17,907 (2005 – $76,209) in fees and other charges pertaining to such loans receivable were paid by the respective borrowers to the specified co. The Company paid the specified co. $40,808 as loan extension cancellation/buy-out fees in the year ended September 30, 2006 (2005 – $nil). With the change in the nature of the Company's business, the Company does not anticipate any further loan syndication transactions with the specified co.

The Company provides administrative services to various subsidiary companies, for which it charges no fees or nominal fees, which amounts are eliminated for accounting purposes upon the consolidation of the subsidiaries results.

For the year ended September 30, 2006, the Company charged $114,517 (2005 – $44,300) for administrative and other services to Pearl Exploration and Production Ltd. (formerly, Newmex Minerals Inc.), a company of which certain directors and officers are in common with the Company. This arrangement for providing administrative and other services will conclude by December 31, 2006. The parties consider the charges to be at fair value.

In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other overheads with Nemmoco Petroleum Corporation ("Nemmoco"), for which there are officers and a director in common with the Company. Nemmoco also advanced funds to the Company to facilitate the set up of the Company's Pakistan operations. For the year ended September 30, 2006, the Company's shared costs and advances received from Nemmoco totaled US $595,396 (CAD $663,271). The advances were non-interest bearing and have been repaid. The parties consider the reimbursement of the shared costs to be at fair value.

RISK MANAGEMENT

The Company is exposed to several operational risks inherent in exploring, developing, and producing oil and natural gas and those inherent in business activities. In addition, there are risks associated with the Company's development stage of oil and gas operations and the foreign jurisdiction in which its oil and gas operations are carried out. These inherent risks include, but are not limited to: economic risk of finding and producing reserves at a reasonable cost; costs and availability of materials and services; reliance upon strategic relationships; cost of capital risk associated with securing the needed capital to carry out the Company's operations; risk of fluctuating foreign currency exchange rates and currency exchange controls; risk of carrying out operations with minimal environmental impact; risk of governmental policies, social instability or other political, economic or diplomatic developments in its Pakistan operations; market risks associated with investing the Company's cash reserves in interest bearing depository instruments; income tax legislation and the interpretation and application thereof; attracting and retaining qualified personnel, and the various lawsuits involving the Company. The Company does not utilize derivative instruments to hedge its foreign currency exchange or interest rate risks. The Company attempts to monitor and assess its risks, and to the extent reasonably considered feasible, to mitigate certain of these risks. However, there are certain risks over which the Company has little or no control, and it is impossible to ensure that any exploration and development program will result in commercial operations.

The Company must meet the minimum listing standards on the TSX for oil and gas companies. The TSX has placed Jura's listing under review and it has provided the Company with sixty days in which to meet or exceed the original listing standards. Failure to meet the standards by the expiry of the sixty day period (January 5, 2007) will result in the delisting of Jura's common shares from the TSX, in which case the Company intends to apply to the TSX Venture Exchange for listing thereon in the appropriate listing category.

As mentioned above under Financial Condition, Liquidity and Capital Resources, the Company's anticipated exploration and development activities within the next three years will necessitate that the Company raise funds to fulfill its obligations. The capital markets appear receptive to the oil and gas industry and the Company believes this environment will continue into the foreseeable future.

Further discussion of the Company's business risks are contained in the "Risk Factors" section of Jura's September 30, 2006 Annual Information Form. Also refer to "Forward Looking Statements" contained in this MD&A.

ACCOUNTING POLICIES AND ESTIMATES

Critical Accounting Estimates

The Company's critical accounting estimates are defined as those estimates that have a significant impact on the portrayal of the Company's financial position and operations and that require management to make judgments, assumptions and estimates in the application of Canadian generally accepted accounting principles. Judgments, assumptions and estimates are based on historical experience and other factors that management believes to be reasonable under current conditions. As events occur and additional information is obtained, these judgments, assumptions and estimates may be subject to change. We believe the following are the critical accounting estimates used in the preparation of the Company's September 30, 2006 consolidated financial statements:

a) Carrying Value of Oil and Gas Interests

The Company follows the full cost method to account for its Pakistan oil and gas operations, whereby all costs of exploring for and developing oil and gas reserves are capitalized and accumulated in the Pakistan cost centre. As the Pakistan cost centre does not presently have commercial production, the capitalized costs are not subject to depletion until commercial production commences. However, these capitalized costs are assessed to determine whether it is likely such costs will be recovered in the future and costs which are not likely to be recovered in the future are written off. The estimates used to determine the likelihood of the recovery of the capitalized costs is a subjective process, subject to numerous uncertainties and various interpretations and variables that are likely to change as the Company proceeds with its exploration and development program and results thereof are determined.

b) Valuations, Provisions for Impairment, and Credit Risk

Management regularly reviews the carrying value of its assets in relation to the potential net recoverable value of those assets. In determining recoverable value, it utilizes acceptable valuation approaches relative to the respective asset, such as estimated recoverable value through cash flows from the asset, comparable prices for assets of similar status, and market quotes for stocks in publicly traded companies. Where the potential net recoverable value is estimated to be less than its carrying value or the carrying value cannot be substantiated, a write-down or impairment provision is made. Where loans have been made by the Company and the probability of collection of the funds within a reasonable time is unlikely, the Company takes an impairment provision.

Credit risk is the risk that a financial loss will be incurred due to the failure of the borrower to discharge its contractual commitment or obligation to the Company. The Company employs a number of lending criteria, risk assessment practises, and securitization in order to minimize its credit risk.

c) Income Tax

The Company has consolidated non-capital loss carry-forwards for tax purposes of $64.5 million in Canada and US $31.3 million in the U.S. These have not been recognized as a tax asset in the September 30, 2006 consolidated financial statements, as the Company does not believe that it can demonstrate that it is more likely than not that it will utilize these tax benefits against future taxable income during the carry forward periods. Inherent in the determination of these losses are management assumptions, estimates and judgments, including those related to the interpretation of income tax legislation.

d) Litigation

The Company is involved in a significant number of lawsuits, both as plaintiff and defendant, the outcomes of which cannot be determined at this time. As such, these lawsuits represent contingent assets and liabilities. A description of the lawsuits is contained in the Company's September 30, 2006 Consolidated Financial Statements.

Accounting Policies and New Accounting Standards

A summary of the Company's significant accounting policies is presented in Note 2 to the Company's September 30, 2006 Consolidated Financial Statements. With the change in the nature of its business and operations, the Company adopted new accounting policies specific to its oil and gas operations during fiscal 2006.

The adoption of new accounting standards by the Canadian Institute of Chartered Accountants for Financial Instruments – Recognition and Measurement (Section 3855), Hedges (Section 3865), and Comprehensive Income (Section 1530) requires that these new standards be incorporated by the Company beginning October 1, 2006. Section 3855 prescribes when to recognize a financial instrument on the balance sheet and at what amount - sometimes using fair market value; other times using cost-based measures. It also specifies how to present the financial instrument gains and losses. Section 3865 provides alternative treatments to Section 3855 when you choose to designate qualifying transactions as hedges for accounting purposes. Section 1530 stipulates new requirements for situations when one must temporarily present certain unrealized gains and losses outside net income.

The Company's preliminary analysis of these new standards indicates that they should not have a material effect on the Company's financial statements. Based upon the Company's financial instruments at September 30, 2006, the new standards will require that the Company's investments will have to be carried at market value, with any gain/loss recognized in the income statement. The Company presently carries most of its other financial instruments at fair value net of any impairments therein. The Company does not utilize derivatives or hedges and therefore Section 3865 will not affect the Company.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

At September 30, 2006 there were 89,794,194 common shares and no preferred shares outstanding. In the year ended September 30, 2006, the Company issued 29,958,838 common shares, of which 14,958,838 were issued in connection with the Pakistan oil and gas acquisition (see Investment Acquisition section of this MD&A) and 15,000,000 were issued in connection with the private placement (see next paragraph).

In August 2006, the Company completed a private placement of 15,000,000 Units at a price of $1.00 per Unit for gross proceeds of $15,000,000. 12,000,000 of the Units were sold on a brokered agency basis and 3,000,000 of the Units were sold on a non-brokered basis. Each Unit consists of one Jura common share and one common share purchase warrant. Each warrant is exercisable for one year from the date of issuance at a price of $1.50 per Jura common share. In the event that the common shares of the Company trade at $2.50 or higher for a period of 20 consecutive trading days at any time after four months and one day after the closing of the offering, the Company may accelerate the expiry date of the warrants by giving notice to holders thereof and in such case the warrants will expire on the sixtieth day after the date on which such notice is given by the Company. The brokered portion of the private placement was completed on August 9, 2006 for gross proceeds of $12,000,000. A fee of $0.075 per brokered Unit, or an aggregate of $900,000, was paid to the agents for the private placement. In addition, as additional consideration for the sale of those brokered Units that were sold in Canada, the Company granted the agents compensation warrants to purchase 900,000 Jura common shares that are exercisable at any time for the 24 month period following the closing of the private placement at an exercise price of $1.00 per compensation warrant. The non-brokered portion of the private placement was completed on August 14, 2006 for gross proceeds of $3,000,000.

Stock options pursuant to the Company's Stock Option Plan ("Plan") to purchase an aggregate of 5,920,000 common shares at a weighted average exercise price of $1.31 per common share remain unexercised as at September 30, 2006, of which stock options to purchase 290,000 common shares have not yet vested. Pursuant to certain employment contracts, 250,000 options that would have otherwise vested on December 31, 2006, vested in June 2006 as a result of the acquisition of the oil and gas interests. In the year ended September 30, 2006, the Company granted stock options pursuant to the Company's Plan to purchase an aggregate of 4,300,000 common shares at an exercise price of $1.55 per common share, which are fully vested, and subject to the other provisions of the Plan and/or Option Agreements, have an expiry date of March 30, 2011. As these stock options were issued in connection with the Frontier acquisition, the imputed stock based compensation amount of $3,929,220 has been capitalized to the purchase price of the acquisition. The options estimated fair value was calculated using the Black-Scholes option pricing model with the following variables and assumptions: (a) risk-free interest rate of 4.02%, (b) expected option life of 5 years, (c) expected volatility of 66.8%, and (d) no expected dividends.

In connection with the acquisition of the Pakistan oil and gas acquisition, the Company agreed to issue an additional 500,000 common shares of the Company for each 100 billion cubic feet of reserves of gas proven during the five years following June 2, 2006, up to a maximum of an aggregate of an additional 7,681,918 common shares of the Company. The issue of these aforesaid additional common shares is subject to regulatory approval. If regulatory approval is not obtained when such common shares are issuable, the Company would be required to pay an equivalent amount in cash, based upon the volume weighted average trading price of the common shares, in lieu thereof (see Investment Acquisition section of this MD&A).

In connection with the private placement referred to above, 15,000,000 common share purchase warrants were issued to the Unit purchasers to purchase an aggregate of 15,000,000 common shares at a purchase price of $1.50 per common share and the warrants have an expiry date of August 9, 2007. In connection with the brokered portion of the private placement, 900,000 broker warrants were issued to purchase an aggregate of 900,000 common shares at a purchase price of $1.00 per common share. The broker warrants have an expiry date of August 9, 2008. An imputed amount of $433,572 relating to the estimated fair value of the broker warrants issued has been charged to share issue costs. The broker warrants estimated fair value was calculated using the Black-Scholes option pricing model with the following variables and assumptions: (a) risk-free interest rate of 4.02%, (b) expected life of 2 years, (c) expected volatility of 72.3%, and (d) no expected dividends. As at September 30, 2006, the Company had 15,900,000 share purchase warrants outstanding with a weighted average exercise price of $1.47.

On December 13, 2006, the board approved amendments to the stock option plan of the Company (as amended and restated (the "Plan")). Among other things, the Plan was amended as follows: (a) consultants were added as eligible participants under the Plan, subject to the discretion of the board; (b) the aggregate number of common shares issuable under the Plan being limited to a "rolling" 10% of the total number of common shares issued and outstanding from time to time; (c) the number of common shares (i) issued to insiders within any one year period, and (ii) issuable to insiders at any time, under the Plan and under all other security based compensation arrangements of the Company, if any, being limited to not more than 10% of the number of common shares that are outstanding from time to time; (d) the exercise price for stock options issued under the Plan will be fixed by the board, and cannot be less than the "Market Price" of the common shares at the time of grant, calculated in accordance with the TSX rules based on the volume weighted average trading price of the common shares as reported on the TSX for the five trading days immediately preceding the day on which the stock option is granted.

Following the approval of the Plan by the board, an aggregate of 2,140,000 stock options, with an expiry date of December 13, 2011, were approved by the board (the "Conditional Grants"). The exercise price for the Conditional Grants has yet to be determined. The Conditional Grants vest as follows: 713,333 on shareholder approval of the Conditional Grants; 533,333 on July 1, 2007; 180,000 on December 13, 2007; 533,334 on July 1, 2008; and 180,000 on December 13, 2008. The Company has received TSX approval for the amendments to the Plan and the Conditional Grants, however, shareholders will also be required to approve the implementation of the Plan and to ratify the Conditional Grants for each of the amendments and the Conditional Grants to be effective. In addition, shareholders will also be required to reaffirm the Plan every three years.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are defined under Multilateral Instrument 52-109 – Certification of Disclosure Controls in Issuers' Annual and Interim Filings ("MI 52-109") as "... controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is accumulated and communicated to the issuer's management, including its chief executive officers and chief financial officers (or persons who perform similar functions

to a chief executive officer or a chief financial officer), as appropriate to allow timely decisions regarding required disclosure." The Company has conducted a review and evaluation of its disclosure controls and procedures, with the conclusion that as at September 30, 2006 the Company has an effective system of disclosure controls and procedures as defined under MI 52-109. In reaching this conclusion, the Company recognizes that two key factors must be and are present:

- the Company is very dependant upon its advisors and consultants (principally its legal counsels) to assist in recognizing, interpreting, understanding and complying with the various securities regulations disclosure requirements; and
- an active Board and management with open lines of communication.

The Company has a small staff with varying degrees of knowledge concerning the various regulatory disclosure requirements. In many circumstances, the various regulatory requirements are relatively new, subject to interpretation, and complex. The Company is not of a sufficient size to justify a separate department or one or more staff member specialists in this area. Therefore the Company must rely upon its advisors/consultants to assist it and as such they form part of the disclosure controls and procedures.

Proper disclosure necessitates that one not only be aware of the pertinent disclosure requirements, but one is also sufficiently involved in the affairs of the Company and/or receives the communication of information to assess any necessary disclosure requirements. Accordingly, it is essential that there be proper communication among those people who manage and govern the affairs of the Company, this being the Board of Directors and senior management. The Company believes this communication exists.

While the Company believes it has adequate disclosure controls and procedures in place, lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company intends to take whatever steps necessary to minimize the consequences thereof.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are defined under MI 52-109 as "... a process designed by, or under the supervision of, the issuer's chief executive officers and chief financial officers, or persons performing similar functions, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the issuer's GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the annual financial statements or interim financial statements.

The Company has conducted a review and evaluation of its internal controls over financial reporting, with the conclusion that as at September 30, 2006 the Company's system of internal controls over financial reporting as defined under MI 52-109 is sufficiently designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP. In its evaluation, the Company identified certain material weaknesses in internal controls over financial reporting:

- due to the limited number of staff at Jura, it is not feasible to achieve the complete segregation of incompatible duties; and
- due to the limited number of staff, the Company relies upon third parties as participants in the Company's internal controls over financial reporting.

The Company believes these weakness are mitigated by: the active involvement of senior management and the board of directors in all the affairs of the Company; open lines of communication within the Company; the present levels of activities and transactions within the Company being readily transparent; the thorough review of the Company's financial statements by management, the board of directors and by the Company's auditors; and the establishment of a whistle-blower policy. However, these mitigating factors will not necessarily prevent the likelihood that a material misstatement will not occur as a result of the aforesaid weaknesses in the Company's internal controls over financial reporting. A system of internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are met.

OUTLOOK

With the acquisition of the Pakistan oil and gas interests, the Company has entered a new era. The Company believes it has acquired a property base in which significant reserves will be discovered and be commercially viable. While the ability of the Company to realize on this will be dependent upon the Company successfully obtaining additional funding on reasonable terms, the Company has confidence in its ability to raise funds on the Canadian and international financial markets.

On November 30, 2006, the Company entered into a Settlement Agreement (the terms of which are subject to a confidentiality agreement) with Messrs. Workum and Hennig and their respective wives pertaining to the litigation between them and the Company. The proposed settlement is subject to the fulfillment of a number of conditions, including but not limited to: (i) the approval by the judicial bodies to which bankruptcy or similar filings have been made by Mr. Workum, and (ii) the variance of a cease trade order by the Alberta Securities Commission. The Company anticipates that the Settlement Agreement will conclude, which will then allow the Company to focus most of its attention and resources on its new business activities.

Management's Report

The Consolidated Financial Statements of Jura Energy Corporation and related financial information are the responsibility of Management. The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. The Consolidated Financial Statements and related financial information reflect amounts which must, of necessity, be based upon informed estimates and judgments of Management with appropriate consideration to materiality.

The Company has developed and maintains systems of internal controls, policies and procedures in order to provide reasonable assurance as to the reliability of the financial records and the safeguard of assets.

Mintz & Partners LLP, independent external auditors appointed by the shareholders of the Company, review Jura Energy Corporation's systems of internal controls and conduct their work to the extent they deem appropriate. They have examined the Consolidated Financial Statements and they have expressed an opinion on the statements. Their report is included in the Consolidated Financial Statements.

The Board of Directors has established an Audit Committee. The Audit Committee reviews with Management and the external auditors any significant financial reporting issues, the financial statements, and any other matters of relevance to the parties. The Audit Committee meets quarterly to review and approve the interim financial statements prior to their release, as well as annually to review the Company's annual financial statements, Management's discussion and analysis, and the Annual Information Form, and to recommend their approval to the Board of Directors. The external auditors have unrestricted access to the Company, the Audit Committee and the Board of Directors.

Nigel R. McCue
Chief Executive Officer

William H. Berezan
Chief Financial Officer

December 13, 2006

Auditors' Report

To the Shareholders of Jura Energy Corporation

We have audited the consolidated balance sheets of Jura Energy Corporation (formerly known as Proprietary Industries Inc.) as at September 30, 2006 and 2005 and the consolidated statements of earnings, deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether these financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the presentation of overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Jura Energy Corporation as at September 30, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Mintz & Partners LLP

Mintz & Partners LLP
Chartered Accountants
Toronto, Ontario
Canada

December 13, 2006

Consolidated Balance Sheets

As at September 30	2006	2005
Assets		
Current		
Cash and cash equivalents	$ 21,591,496	$ 13,979,830
Accounts receivable	364,664	2,326,290
Loans and notes receivable (Note 4)	—	8,280,456
Prepaid expenses and deposits	354,683	102,741
	22,310,843	24,689,317
Oil and gas interests (Note 5)	45,313,221	—
Loans and notes receivable (Note 4)	—	3,030,424
Restricted cash deposits (Note 6)	3,949,721	5,032,371
Property and equipment (Note 7)	136,237	221,387
Investments (Note 8)	33,901	354,920
	$ 71,743,923	$ 33,328,419
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 2,309,461	$ 1,410,598
Notes payable (Note 9)	863,426	872,019
Income taxes payable	—	125,310
Deferred revenue	—	286,447
	3,172,887	2,694,374
Non-controlling interest in subsidiaries (Note 18)	833,298	1,769,509
	4,006,185	4,463,883
Shareholders' Equity		
Share capital (Note 10)	178,884,558	142,319,358
Contributed surplus (Note 11)	20,170,769	15,724,319
Deficit	(131,317,589)	(129,179,141)
	67,737,738	28,864,536
	$ 71,743,923	$ 33,328,419

Litigation and Contingencies (see Note 17)

Approved on behalf of the Board:

Nigel R. McCue
Chief Executive Officer

A. Murray Sinclair
Director

Consolidated Statements of Earnings and Deficit

For the years ended September 30	2006	2005
Revenue		
Rental	$ 10,700	$ 18,530
Interest	1,260,071	1,385,689
Gain on sale of assets	619,033	1,626,715
Investment and other	709,183	1,895,108
	2,598,987	4,926,042
Expenses		
Rental	17,304	29,698
General and administrative	5,720,583	7,681,035
Depreciation and amortization	18,254	110,169
Interest	7,523	21,148
Write-downs (Note 12)	82,149	175,800
Recoveries (Note 12)	(130,000)	(594,753)
	5,715,813	7,423,097
Loss before income taxes, non-controlling interest, and discontinued operations	(3,116,826)	(2,497,055)
Income taxes (recovery) (Note 14)	(42,167)	122
Non-controlling interest in subsidiaries (Note 18)	(936,211)	—
	(978,378)	122
Net loss for the year from continuing operations	(2,138,448)	(2,497,177)
Discontinued operations, net of income taxes (Note 13)	—	(463,308)
Net loss for the year	(2,138,448)	(2,960,485)
Deficit, beginning of year	(129,179,141)	(126,218,656)
Deficit, end of year	$(131,317,589)	$(129,179,141)
Loss per share (Note 10)	$ (0.03)	$ (0.05)
Loss per share from continuing operations	$ (0.03)	$ (0.04)
Weighted average number of common shares used in computing basic loss per share (Note 10)	66,972,395	59,835,356

Consolidated Statements of Cash Flows

For the years ended September 30	2006	2005
Cash flows provided by (used in)		
Operating activities		
Net loss	$ (2,138,448)	$ (2,960,485)
Items not involving cash		
Depreciation and amortization	18,254	110,169
Gain on sale of assets and investments	(619,033)	(1,608,566)
Write-downs and recoveries	82,149	(106,668)
Non-controlling interest in subsidiaries (Note18)	(936,211)	—
Foreign exchange loss	110,426	660,223
Imputed stock based compensation expense	83,657	194,111
	(3,399,206)	(3,711,216)
Changes in non-cash balances related to operations (Note 19)	3,232,268	(4,995,368)
	(166,938)	(8,706,584)
Financing activities		
Net proceeds from issue of share capital	13,812,573	—
Decrease in long-term debt, net	—	(605,200)
	13,812,573	(605,200)
Investing activities		
Purchase of oil and gas interests	(18,197,802)	—
Purchase of property and equipment	(137,661)	(2,114)
Loans and notes receivable repayments, net of advances	11,358,051	(10,309,918)
Proceeds on sale of investments, net	389,342	2,722,895
Proceeds on sale of land	493,942	—
Proceeds on disposition of property and equipment	229,473	1,322,167
	(5,864,655)	(6,266,970)
Effect of exchange rate changes on cash held in foreign currency	(169,314)	(546,716)
Increase (decrease) in cash and cash equivalents	7,611,666	(16,125,470)
Cash and cash equivalents, beginning of year	13,979,830	30,105,300
Cash and cash equivalents, end of year	$ 21,591,496	$ 13,979,830
Supplementary disclosure of cash flow information:		
Interest paid	$ 7,523	$ 21,696
Taxes paid	$ 81,892	$ 8,554

1. NATURE OF OPERATIONS

The accompanying consolidated financial statements of Jura Energy Corporation (the "Company" or "Jura") include the financial position, results of operations, and cash flows for the Company and its subsidiaries as indicated below:

Proprietary Developments Ltd.	100%	EnerGCorp Acquisitions Inc.	100%
Frontier Acquisition Company Limited	100%	Strategia Corporation	97%
Frontier Holdings Limited	100%	EnerGCorp Inc.	91%
6616224 Canada Inc.	100%	AV Sport Inc.	91%
Onni Development (Ioco Road One) Corp	100%	American Home Capital Corporation	89%
0767247 B.C. Ltd.	100%	Swiss Asset Management Inc.	89%

Not included in the above list are companies whose balance sheets and results of operations are not material to the Company. Refer to Note 12 regarding the deconsolidation of Pearl Exploration and Production Ltd. (formerly Newmex Minerals Inc.) in fiscal 2005.

Jura Energy Corporation is listed and traded on the Toronto Stock Exchange under the trading symbol JEC. With the investment in oil and gas interests in Pakistan, the Company transitioned into a company engaged in the business of oil and gas exploration and development. The Company was previously named Proprietary Industries Inc., operating as a merchant bank engaged in various businesses and holding a variety of investments. The name change became effective June 19, 2006.

The Company's oil and gas interests are in Pakistan. The Company is in the process of exploring its properties and it has not yet determined whether they contain reserves that are economically recoverable. The success of the Company's exploration and development of its oil and gas properties is influenced by risks and uncertainties including, but not limited to: general economic, business and political conditions; the oil and gas industry, such as operational risks in exploring for, developing and producing crude oil and natural gas, and market demand for oil and natural gas; geology of oil and gas deposits; uncertainty of reserves estimates, reserves life, and estimates and projections relating to production, costs and expenses; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; health, safety, environmental; property values; foreign regulations and taxes; civil unrest or military action; acts of, or actions against, international terrorism; corporate restructuring and related costs; capital and operating expenses; pricing and availability of capital and financing; and foreign currency exchange rate fluctuations and currency exchange controls. While the Company seeks to manage these risks, many of these factors are beyond its control.

The Company must meet the minimum listing standards on the Toronto Stock Exchange ("TSX") for oil and gas companies. The TSX has placed Jura's listing under review and it has provided the Company with sixty days in which to meet or exceed the original listing standards. Failure to meet the standards by the expiry of the sixty day period (January 5, 2007) will result in the delisting of Jura's common shares from the TSX, in which case the Company intends to apply to the TSX Venture Exchange for listing thereon in the appropriate listing category.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company raises sufficient funds, be it through loans, the issue of share capital, a combination of these, or some other means, in order to meet its exploration and development obligations under its various farm-in agreements (refer to Note 15). Should the Company not have sufficient funds to meet these aforesaid obligations, then a dilution and/or a loss of its present interests in the oil and gas properties could occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Principles of Consolidation

The financial statements of entities which are controlled by the Company, referred to as subsidiaries, are consolidated. Entities which are not controlled and for which the Company has the ability to exercise significant influence over are accounted for using the equity method. Investments in other entities are accounted for using the cost method, except for short-term investments as described in B below. All inter-company transactions have been eliminated.

B) Short-term Investments

Short-term investments are recorded at the lower of cost or market value. Market value is defined as the trading value at the date of the balance sheet. Shares of public companies that are classified as current assets are marked to market as portfolio investments.

C) Foreign Currency Translation

The Company utilizes the temporal method of accounting for foreign currency transactions and financial statements of its subsidiaries. Under the temporal method, monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the historical exchange rates, except those items carried at market, which are translated at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the average rate for the period, except for charges related to non-monetary assets which are translated at the historical rate for the asset to which the charge relates, and material items where a specific date can be identified for the transaction which is translated at the rate on that specific date. Exchange gains or losses are reflected in net earnings. The Company regularly reviews whether its subsidiaries should be treated as self-sustaining or integrated with the parent company. At September 30, 2006 and 2005 the Company has determined that its subsidiaries should be reported as integrated.

D) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. At September 30, 2006, the Company had: (i) term-deposits of $5,553,155 maturing October 2, 2006 yielding 4.15%; (ii) a term deposit of $204,100 maturing August 11, 2007 but capable of being redeemed without penalty, yielding 3.55%; (iii) bankers acceptances of $11,438,842 maturing October 4, 2006 yielding 4.02%; (iv) a term deposit of US $2,103,575 maturing October 2, 2006 yielding 5.20%; and (v) a term deposit of US $560,869 maturing October 10, 2006 yielding 5.20%.

E) Notes Receivable

Notes receivable are reviewed on a loan by loan basis and where an impairment in the value of the note receivable is determined, a provision for impairment is made. The Company does not reflect in its consolidated financial statements further accrued interest on impaired loans, and to the extent further accrued interest is collected, this will be reflected in the Company's consolidated financial statements at that time.

F) Property and Equipment

Property and equipment are recorded at the lower of amortized cost and net recoverable amount. The cost of property disposed of and related accumulated amortization are removed from the accounts at the time of disposition with any resulting gain or loss included in income.

Management regularly reviews the carrying value of each of its property and equipment and if it is determined that there is an impairment in net carrying value, such impairment is charged to income in the year such determination is made. Future amortization will be charged based on the post-impairment carrying value.

Amortization is provided for over the estimated useful lives of the assets on the declining balance basis at rates ranging from 4% to 30%. Leasehold improvements are amortized on a straight-line basis over the life of the related lease. Buildings are amortized on a declining balance basis at the rate of 4% per year.

G) Long-term Investments

The accounts of all subsidiaries are consolidated from the dates of acquisition. Investments in significantly influenced companies are accounted for by the equity method. Other long-term investments, including shares in public companies not classified as current assets and interests in limited partnerships are carried at cost. When there is other than a temporary decline in value, these investments are written down to provide for the impairment loss.

H) Revenue Recognition

(i) Recreation

Revenue is recognized as services are provided or merchandise sold and title passes to the customer. Funds received in advance of meeting the revenue recognition criteria are deferred until future periods.

(ii) Interest

The Company recognizes interest when earned. If a loan is considered a non-performing loan, interest is not recognized until it is actually collected.

(iii) Rent

Rent revenue is recognized as income in the month earned and the collection thereof is reasonably assured.

I) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks of ownership of property are accounted for as capital leases. Assets acquired under capital leases are amortized over the estimated useful lives of the underlying assets. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

(J) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in the period that includes the date of substantive enactment. To the extent that management does not consider it to be more likely than not that a future income tax asset will be realized, a valuation allowance is provided.

(K) Stock Option Plan

The Company has a stock option plan as described in Note 10. The fair value method, utilizing the Black-Scholes option pricing model, has been adopted by the Company for stock options granted to directors, officers, and employees. The estimated fair value is recognized over the applicable vesting period as compensation expense and an increase to contributed surplus. When the options are exercised, the proceeds received and the applicable amount in contributed surplus will be credited to capital stock.

(L) Oil and Gas

(i) Full cost accounting and ceiling test

The Company follows the full cost method of accounting for its oil and gas interests, whereby all costs relating to the acquisition of, the exploration for and the development of oil and gas reserves, including asset retirement costs, are capitalized on a country-by-country cost centre basis. Capitalized costs include: land acquisition and lease costs, drilling of productive and non-productive wells, geological and geophysical costs, carrying and retaining undeveloped properties, gathering and production facilities, and other exploration and development expenditures, including overhead charges directly related to acquisition, exploration and development activities but excluding production or general overheads.

Gains or losses on the disposition of oil and gas properties are recognized as income or loss only when crediting the proceeds to capitalized costs would result in a change of 20 percent or more in the depletion rate. Incidental revenues from the production of oil and gas are offset against capitalized costs of the related cost centre until quantities of proven reserves are determined and commercial production has commenced.

The net amount at which oil and gas interests are carried is subject to a cost recovery test (the "ceiling test"). The ceiling test is a two-stage process which is performed at least annually or when there are indications that events or circumstances may have caused impairment since the most recently completed fiscal year. The first stage is a recovery test whereby

undiscounted estimated future cash flows from proved reserves, as determined by independent engineers, utilizing future estimated costs and oil and gas prices plus the cost of unproved properties less any impairment is compared to the carrying value of the oil and gas interests. An impairment loss exists if the carrying value of the oil and gas interests exceeds such undiscounted estimated cash flows. The second stage determines the amount of the impairment loss to be recorded. The impairment is measured as the amount by which the carrying value of the oil and gas interests exceeds the sum of the future estimated discounted cash flows from proved plus probable reserves and the lower of cost and market value of unproved properties. Any impairment is recorded as additional depletion cost.

Unproved properties are evaluated for impairment on at least an annual basis. To the extent the carrying value of these properties exceed their estimated market value, an impairment exists. Market value is determined using valuation methods, such as comparative values for similar properties.

The Company has not included any asset retirement or environmental remedial obligations, if any, in determining its oil and gas interests carrying value as the Company cannot make a reasonable estimate of the fair value of the liability, if any, due to the early stage of exploration and development activities of the properties.

(ii) Depletion

Capitalized costs along with estimated future costs to develop proved reserves and estimated asset retirement costs are depleted on a unit-of-production basis using estimated proved reserves. Capitalized costs of acquiring and evaluating unproved properties are excluded from the costs subject to depletion until it is determined whether or not proved reserves are attributable to the properties, or impairment has occurred. When the carrying value of the property is considered impaired, the amount of the impairment is added to all other capitalized costs subject to depletion.

(iii) Joint ventures

The Company's oil and gas activities are conducted jointly with others through joint ventures, which the Company accounts for using the proportionate consolidation method thereby reflecting its proportionate share of revenues, expenses, assets and liabilities.

M) Earnings Per Share

Basic earnings per share is calculated using the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated based upon the treasury stock method which assumes that any proceeds from the exercise of in-the-money stock options would be used to purchase the Company's common shares at the average market price during the year. Diluted earnings/loss per share are not presented where the effect would be anti-dilutive.

N) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and timing of the recognition of revenues and expenses during the reporting period. Actual amounts may differ from these estimates as future events occur.

O) Litigation

The Company assesses each lawsuit on an action by action basis as to the probability that a claim will be successful. Claims are not reflected as an asset or liability or an expense or recovery in the consolidated financial statements until such time as there is a high degree of probability that the claim will be successful, taking into consideration all avenues of appeal and settlement.

P) Comparative Amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.

Q) Recent Pronouncements

The adoption of new accounting standards by the Canadian Institute of Chartered Accountants for Financial Instruments – Recognition and Measurement (Section 3855), Hedges (Section 3865), and Comprehensive Income (Section 1530) requires that these new standards be incorporated by the Company beginning October 1, 2006. Section 3855 prescribes when to recognize a financial instrument on the balance sheet and at what amount – sometimes using fair market value; other times using cost-based measures. It also specifies how to present the financial instrument gains and losses. Section 3865 provides alternative treatments to Section 3855 when you choose to designate qualifying transactions as hedges for accounting purposes. Section 1530 stipulates new requirements for situations when one must temporarily present certain unrealized gains and losses outside net income.

The Company's preliminary analysis of these new standards indicates that they should not have a material effect on the Company's financial statements. Based upon the Company's financial instruments at September 30, 2006, the new standards will require that the Company's investments will have to be carried at market value, with the any gain/loss recognized in the income statement. The Company presently carries most of its other financial instruments at fair value net of any impairments therein. The Company does not utilize derivatives or hedges and therefore Section 3865 will not affect the Company.

3. RELATED PARTY TRANSACTIONS

A) Due From Related Parties

	2006	2005
Various loans (see below)	**19,189,623**	19,490,618
Provision for uncollectible amounts	**(19,189,623)**	(19,490,618)
	$ —	$ —

Prior to September 30, 2002, the Company made various loans to parties related to the Company, including loans to former directors and/or officers of the Company (including its subsidiaries) and to companies believed to be controlled by former officers and/or directors of the Company (including its subsidiaries). Many of these loans: bear interest but have no fixed terms of repayment; are unsecured; where security was provided, the Company is having difficulty realizing on the security; the subject of lawsuits (see Note 17); denominated in US dollars; and where a maturity date existed, this date has passed without repayment of the loan. Accordingly, the Company has made a provision for the full amount of these loans.

The Company has not reflected in its consolidated financial statements further accrued interest on the loans included in the provision for uncollectible amounts, and to the extent further accrued interest is collected, this will be reflected in the Company's consolidated financial statements at that time.

Loans made in US dollars are translated into Canadian dollar equivalents at the exchange rate in effect on the last day of the reporting period. Accordingly, the carrying value of these loans will fluctuate between periods, and an exchange gain or loss could result upon the collection of the loans.

B) Transactions With Related Parties

- For the year ended September 30, 2006 the Company recorded expenses of $215,419 (2005 – $289,482) for directors fees and other services. Included in this figure is $38,669 (2005 – $95,857) relating to the imputed fair value compensation expense for stock options. At September 30, 2006 $73,000 (September 30, 2005 – $20,000) was due to these directors and included in accounts payable and accrued liabilities in the consolidated balance sheet.
- For the year ended September 30, 2006 the Company recorded $nil (2005 – $427,477) as general and administrative expenses relating to the reimbursement of expenses incurred by PPI Acquisition Corp ("PAC") pursuant to the Support Agreement between the Company and PAC pertaining to the take-over bid by PAC.
- For the year ended September 30, 2006, the Company charged $114,517 (2005 – $44,300) for administrative and other services provided to Pearl Exploration and Production Ltd. (formerly, Newmex Minerals Inc.), a company of which certain directors and officers are in common with Jura.
- A company (the "specified co.") with a director in common with Jura provides loan syndication services for which the specified co. earns fees and other charges from borrowers. At September 30, 2006, the Company has loans receivable of $nil (Note 4) as a syndication member through the specified co. For the year ended September 30, 2006, $17,907 (2005 – $76,209) in fees and other charges pertaining to such loans receivable were paid directly by the respective borrowers to the specified co. The Company paid the specified co. $40,808 as loan extension cancellation/buy-out fees for the year ended September 30, 2006 (2005 – $nil).
- In connection with its Pakistan operations, the Company shares certain office facilities, personnel, and other overheads with Nemmoco Petroleum Corporation ("Nemmoco"), for which there are officers and a director in common with the Company. Nemmoco also advanced funds to the Company to facilitate the set up of the Company's Pakistan operations. For the year ended September 30, 2006, the Company's shared costs and advances received from Nemmoco totaled US $595,396 (CAD $663,271). The advances were non-interest bearing and have been repaid.

4. LOANS AND NOTES RECEIVABLE

	2006	2005
Notes receivable:		
Citywide Funding, Inc. with balance denominated in US dollars of $2,234,500, with interest at 20% per annum, due on demand, unsecured.	$ 2,497,501	$ 2,598,053
Comsite AG Inc. bearing interest at the rate of 24% per annum, convertible into common shares of Comsite AG Inc.	774,072	774,072
Chateau Hotels and Resorts Inc. (see Note 9), bearing interest ranging from 12% to 24% per annum, secured by a personal guarantee and financing contracts, due September 30, 2002	572,418	572,418
557497 Alberta Limited, unsecured, bearing interest at 12% per annum, due on demand..	—	130,000
	3,843,991	4,074,543
Loans receivable:		
At September 30, 2005, loans bearing interest at fixed rates between 8.5% and 12.5%, with interest only payable until loan maturity. The loans had maturities from November 30, 2005 to September 20, 2007. The loans were secured by the assets to which they related (primarily real estate), together with corporate and/or personal guarantees. The loan amounts have been repaid to the Company.	—	11,310,880
	3,843,991	15,385,423
Deduct: provision for impairment in value	(3,843,991)	(4,074,543)
	—	11,310,880
Current portion	—	8,280,456
	$ —	$ 3,030,424

The provision for impairment in value has been determined on a loan by loan basis. The Company has not accrued further interest on impaired loans, and to the extent interest is subsequently collected, this will be recorded at the time of collection of the interest.

Those loans made in US dollars are translated into Canadian dollar equivalents at the exchange rate in effect on the last day of the reporting period. Accordingly the carrying value of these loans will fluctuate between periods, and an exchange gain or loss could result upon the collection of the loans.

5. OIL AND GAS INTERESTS

On June 2, 2006 the Company completed the acquisition of certain oil and gas interests in Pakistan, comprised of a 47.5% to 50% interest in six exploration licenses and a 37.5% interest in a development and production lease covering a gas field. The acquisition was paid for by: (a) the issuance of 14,958,838 common shares of the Company; (b) the payment of US $14,000,000; (c) the granting of stock options pursuant to the Company's Stock Option Plan to purchase an aggregate of 4,300,000 common shares of the Company; and (d) the agreement by the Company to issue an additional 500,000 common shares of the Company for each 100 billion cubic feet of reserves of gas proven during the five years following June 2, 2006, up to a maximum of an aggregate of an additional 7,681,918 common shares of the Company (the "Additional Consideration"). The issue of the Additional Consideration in common shares is subject to regulatory approval. If regulatory approval is not obtained when such common shares are issuable, the Company would be required to pay an equivalent amount of cash, based upon the volume weighted average trading price of the commons shares, in lieu thereof.

A value of $23,186,199 has been attributed to the 14,958,838 common shares issued on the basis disclosed in Note 10 and an imputed compensation amount of $3,929,220 on the stock options granted has been calculated on the basis of the variables and assumptions disclosed in Note 10. No value has been assigned to the Additional Consideration as the outcome of this contingency cannot be determined at this time. Legal, consulting, and similar fees, together with other expenditures directly relating to the acquisition of the oil and gas interests have been capitalized. No asset retirement obligation has been recognized as the Company cannot make a reasonable estimate of the fair value of the liability, if any, due to the early stage of exploration or development activities of the properties.

Included in post acquisition costs are $577,254 ($516,403 US) in general and administrative expenses capitalized for the period. A summary of the accumulated oil and gas interests costs to September 30, 2006 is:

Acquisition costs:	
Issuance of shares	$ 23,186,199
Imputed stock options amount	3,929,220
Cash	16,112,200
Other direct costs	462,439
	43,690,058
Post acquisition costs	1,623,163
	$ 45,313,221

6. RESTRICTED CASH DEPOSITS

Restricted cash is not available for general corporate purposes. The restricted cash deposits includes $500,000 held in a trust account pursuant to a trust agreement in respect of the indemnity the Company provided to certain present and past directors and officers against claims and liabilities that may arise as a result of their association with the Company (see Note 17). The restricted cash deposit was previously $5,000,000 plus interest received thereon, but on April 11, 2006 all but $500,000 was released back to the Company. Also included in restricted cash deposits is $3,449,721 (US $3,085,625) on deposit with a bank as security for the issue of the bank guarantees referred to in Note 15.

7. PROPERTY AND EQUIPMENT

2006

	Cost, net of impairment	Accumulated amortization	Net carrying value
Buildings	$ —	$ —	$ —
Leasehold improvements	327,232	324,985	2,247
Machinery and equipment	325,370	191,380	133,990
	$ 652,602	$ 516,365	$ 136,237

2005

	Cost, net of impairment	Accumulated amortization	Net carrying value
Buildings	$ 253,326	$ 40,984	$ 212,342
Leasehold improvements	324,965	324,965	—
Machinery and equipment	189,977	180,932	9,045
	$ 768,268	$ 546,881	$ 221,387

8. INVESTMENTS

		2006		2005
AirIQ – at cost	$	—	$	14,000
Phoenix Capital Income Trust – see below		—		92,919
Golden Phoenix Minerals Inc.		—		214,100
Blackdog Resources Ltd. – at cost (market – $40,429)		33,900		33,900
Other – at cost		1		1
	$	33,901	$	354,920

Since its conversion into an income trust in June 2005, Phoenix Capital Income Trust units ("trust units") have not yet commenced trading. Due to the uncertainty of the market value of the trust units once they do commence to trade, the Company recorded the $10,771 in distributions it received on the trust units as a reduction in the carrying value of the trust units and it has written-off its remaining carrying value in the trust units (write-down of $82,148; see Note 12).

9. SHORT-TERM NOTES PAYABLE

		2006		2005
Note payable to the Lodge at Waterton Lakes Limited Partners and the shareholders of The Lodge at Waterton Lakes Inc. This note payable is now unsecured, whereas previously it was secured by a third charge on the Waterton Lakes Lodge assets.	$	650,000	$	650,000
Sundry		213,426		222,019
	$	863,426	$	872,019

10. SHARE CAPITAL

A) Authorized

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

B) Issued

Common shares issued:

	Number of shares	Attributed Value
Balance September 30, 2004 and 2005	59,835,356	$142,319,358
Shares issued on acquisition of oil and gas interests	14,958,838	23,186,199
Private placement, net of issue costs	15,000,000	13,379,001
Balance September 30, 2006	89,794,194	$178,884,558

In connection with the acquisition of the oil and gas interests referred to in Note 5, the Company issued 14,958,838 common shares to which it has attributed a value of $1.55 per common share, this being the closing price on the Toronto Stock Exchange on April 17, 2006. The Company's initial press release concerning its oil and gas acquisition was made on April 18, 2006, and the Company believes this share price is a reasonable fair value of the shares issued.

In connection with the acquisition of the oil and gas interests referred to in Note 5, the Company agreed to issue an additional 500,000 common shares of the Company for each 100 billion cubic feet of reserves of gas proven during the five years following June 2, 2006, up to a maximum of an aggregate of an additional 7,681,918 common shares of the Company. The issue of these aforesaid additional shares is subject to regulatory approval. If regulatory approval is not obtained when such common shares are issuable, the Company would be required to pay an equivalent amount in cash, based upon the volume weighted average trading price of the common shares, in lieu thereof.

In August 2006, the Company completed a private placement of 15,000,000 Units at a price of $1.00 per Unit for gross proceeds of $15,000,000. 12,000,000 of the Units were sold on a brokered agency basis and 3,000,000 of the Units were sold on a non-brokered basis. Each Unit consists of one Jura common share and one common share purchase warrant. Each warrant is exercisable for one year from the date of issuance at a price of $1.50 per Jura common share. In the event that the common shares of the Company trade at $2.50 or higher for a period of 20 consecutive trading days at any time after four months and one day after the closing of the offering, the Company may accelerate the expiry date of the warrants by giving notice to holders thereof and in such case the warrants will expire on the sixtieth day after the date on which such notice is given by the Company. The brokered portion of the private placement was completed on August 9, 2006 for gross proceeds of $12,000,000. A fee of $0.075 per brokered Unit, or an aggregate of $900,000, was paid to the agents for the private placement. In addition, as additional consideration for the sale of those brokered Units that were sold in Canada, the Company granted the agents compensation warrants to purchase 900,000 Jura common shares that are exercisable at any time for the 24 month period following the closing of the private placement at an exercise price of $1.00 per compensation warrant. The non-brokered portion of the private placement was completed on August 14, 2006 for gross proceeds of $3,000,000.

C) Stock Options

The Company's Stock Option Plan permits the Company to grant options to its directors, officers, and employees for up to 5,983,534 common shares. The granting of options, exercise price, vesting, and terms of the option agreement are determined by the Board of Directors. The exercise price cannot be at a discount to the market price of the common shares on the last day preceding the grant of the option. Refer to Note 20.

On April 4, 2005, the Board granted stock options pursuant to the Company's Stock Option Plan to purchase an aggregate of 1,620,000 common shares at an exercise price of $0.69 per common share. The options vest as to 1/3 on each of April 4, 2005, December 31, 2005, and December 31, 2006, and subject to the other provisions of the Stock Option Plan and/or Option Agreements, the options have an expiry date of April 4, 2010. The fair value of these options was estimated using the Black-Scholes option pricing model with the following weighted average variables and assumptions: (a) risk-free interest rate of 3.65%, (b) expected option life of 4.2 years, (c) expected volatility of 23.5%, and (d) no expected dividends. The weighted average fair value of 1,620,000 options granted was estimated at $0.17 per share. For the year ended September 30, 2006, an imputed compensation expense of $83,657 (2005 – $194,111) was recognized relating to the estimated fair value of the options granted on April 4, 2005. Pursuant to certain employment contracts, 250,000 options that would have otherwise vested December 31, 2006, vested upon the completion of the oil and gas asset purchase.

In connection with the acquisition of the oil and gas interests referred to in Note 5, on March 29, 2006, the Board granted stock options pursuant to the Company's Stock Option Plan to purchase an aggregate of 4,300,000 common shares. These options have an exercise price of $1.55 per common share, are fully vested, and subject to the other provisions of the Stock Option Plan and/or Option Agreements, the options have an expiry date of March 30, 2011. An imputed compensation amount of $3,929,220 relating to the estimated fair value of the options granted has been capitalized to the acquisition cost of the oil and gas interests. The options estimated fair value was calculated using the Black-Scholes option pricing model with the following variables and assumptions: (a) risk-free interest rate of 4.02%, (b) expected option life of 5 years, (c) expected volatility of 66.8%, and (d) no expected dividends.

	Number of Options	Weighted Average Exercise Price
Outstanding, September 30, 2004	—	$ —
Granted	1,620,000	0.69
Outstanding, September 30, 2005	1,620,000	0.69
Granted	4,300,000	1.55
Exercised	—	—
Cancelled	—	—
Outstanding, September 30, 2006	5,920,000	$ 1.31
Exercisable, September 30, 2006	5,630,000	$ 1.35

Refer to Note 20.

D) Common Share Purchase Warrants

In connection with the private placement referred to in Note 10(b), 15,000,000 common share purchase warrants were issued to the Unit purchasers to purchase an aggregate of 15,000,000 common shares at a purchase price of $1.50 per common share and the warrants have an expiry date of August 9, 2007. In connection with the brokered portion of the private placement, 900,000 broker warrants were issued to purchase an aggregate of 900,000 common shares at a purchase price of $1.00 per common share. The broker warrants have an expiry date of August 9, 2008. An imputed amount of $433,572 relating to the estimated fair value of the broker warrants issued has been charged to share issue costs. The broker warrants estimated fair value was calculated using the Black-Scholes option pricing model with the following variables and assumptions: (a) risk-free interest rate of 4.02%, (b) expected life of 2 years, (c) expected volatility of 72.3%, and (d) no expected dividends.

	Number of Warrants	Weighted Average Exercise Price
Outstanding, September 30, 2004 and 2005	—	—
Issued	15,900,000	$ 1.47
Outstanding, September 30, 2006	15,900,000	$ 1.47

E) Shareholders Rights Plan

Under the Shareholders' Rights Plan (the "Rights Plan") each common share of the Company carries one right to purchase additional common shares. The rights under the Rights Plan are currently not exercisable but may become exercisable upon the acquisition by a person or group of affiliated persons ("Acquiring Person") of beneficial ownership of 20% or more of the Company's outstanding voting shares or upon the commencement of a takeover bid, other than a "Permitted Bid" as defined in the Rights Plan. Upon a person becoming an Acquiring Person, holders of rights, with the exception of the Acquiring Person, in such circumstances will be entitled to purchase from the Company for $100 common shares having a market price of $200 at the time the rights become exercisable.

The Rights Plan has a permitted bid feature which allows a takeover bid to proceed without the rights under the Rights Plan becoming exercisable, provided that it meets certain requirements set out in the Rights Plan, including minimum time periods for acceptance of the bid, a minimum 50.1% acceptance by shareholders excluding the Acquiring Party, and the filing of a takeover bid circular, even if the Board of Directors does not support the bid.

On February 16, 2005 the shareholders approved, effective January 17, 2005, an amendment to the Rights Plan whereby the Rights Plan was extended to January 28, 2012 provided the Rights Plan is reconfirmed by a resolution passed by the majority of votes cast by independent shareholders who vote in respect of such reconfirmation at the annual meeting of the Company to be held in 2008 and at every third annual meeting of the Company thereafter. If shareholder reconfirmation is not obtained, the Rights Plan will terminate and all rights then outstanding shall terminate and be void. The rights can be redeemed for $0.00001 per right at any time prior to a non-permitted bid or upon the successful completion of a permitted bid.

F) Earnings Per Share

Basic earnings (loss) per share has been calculated using the weighted average number of common shares outstanding for the year ended September 30, 2006 of 66,972,395 (2005 – 59,835,356). Diluted loss per share for the year ended September 30, 2006 and 2005 have not been reflected as the effect would be anti-dilutive.

11. CONTRIBUTED SURPLUS

	2006	2005
Balance, beginning of year	$ 15,724,319	$ 15,530,208
Imputed stock option compensation (Note 10(c))	4,012,878	194,111
Imputed value of broker warrants (Note 10 (d))	433,572	—
Balance, end of year	$ 20,170,769	$ 15,724,319

12. WRITE-DOWNS AND RECOVERIES

The write-downs and recoveries by category are:

Year ended September 30	2006	2005
Write-downs:		
Short-term investments	$ 82,149	$ 175,800
Recoveries:		
Notes receivable	130,000	—
Pearl Exploration and Development Ltd. transactions (see below)	—	351,173
TCS Mortgage Inc.	—	243,580
	$ 130,000	$ 594,753

The private placement of common shares by Pearl Exploration and Production Ltd. ("Pearl") (formerly, Newmex Minerals Inc.) on March 23, 2005 resulted in Pearl no longer being considered a subsidiary of the Company and therefore effective March 23, 2005, the Company did not include Pearl in the Company's consolidated financial statements. The "deconsolidation" of Pearl resulted in a gain as Pearl had an accumulated deficit. The debt settlement and subsequent write-down of the Company's remaining common shares in Pearl resulted in losses to the Company. The net effect of these transactions is summarized below and the net effect has been included in the recoveries summary table above:

Gain on deconsolidation	$ 2,239,082
Loss on debt settlement	(988,157)
Loss on write-down of investment	(899,752)
	$ 351,173

13. DISCONTINUED OPERATIONS

The Company had no discontinued operations, nor dispositions related thereto, for the year ended September 30, 2006. For the year ended September 30, 2005, the results for discontinued operations were as follows:

	Bancroft	Golf Dome	Family Golf Acquisition Inc.	Total
Revenues	$ —	$ 350,175	$ —	$ 350,175
Expenses:				
Operating costs, including general and administrative expenses	6,013	520,616	—	526,629
Write-downs	—	68,705	—	68,705
	6,013	589,321	—	595,334
Net loss before loss on disposition and income taxes	(6,013)	(239,146)		(245,159)
Income taxes	—	—	—	—
Net operating loss	(6,013)	(239,146)	—	(245,159)
Loss on disposition	(18,149)	—	(200,000)	(218,149)
Net loss from discontinued operations	$ (24,162)	$ (239,146)	$ (200,000)	$ (463,308)

14. INCOME TAXES

The differences between the income tax provision calculated using enacted statutory rates and the reported income tax provision are as follows:

	2006	2005
Net loss before income taxes and non-controlling interests	**$ (3,116,826)**	$ (2,960,363)
Federal and provincial statutory tax rate	**32.87%**	39.22%
Expected income tax expense (recovery)	**$ (1,024,501)**	$ (1,160,948)
Exempt portion of capital loss (gain)	**—**	13,725
Benefit of utilization of tax losses of previous years	**2,995,721**	—
Valuation adjustments	**(3,288,114)**	(2,324,296)
Adjustment to future tax assets and liabilities for enacted tax rates	**1,274,727**	—
Tax losses of current year of continuing operations not recognized for accounting purposes	**—**	3,395,674
Tax losses of current year of discontinued operations not recognized for accounting purposes	**—**	75,967
	$ (42,167)	$ 122

The tax effects of temporary differences that give rise to future tax balances at September 30 are:

	2006	2005
Future tax assets:		
Capital loss carry forwards	$ 124,966	$ 132,993
Capital assets and other assets	491,570	335,201
Non-capital (operating) loss carry forwards	34,912,233	38,554,734
Total gross future income tax assets	35,528,769	39,022,928
Valuation allowance	(35,528,769)	(39,022,928)
Net future income tax liability	$ —	$ —

The Company recorded as other income approximately $661,000, representing the proceeds received (net of fees and expenses) as a result of certain transactions entered into which resulted in the utilization of the benefit of previously unrecognized tax losses totaling approximately $9,114,000.

As at September 30, 2006, the Company has accumulated non-capital loss carryforwards for tax purposes of approximately $64.5 million in Canada and US $31.3 million in the U.S., which can be applied to reduce income taxes otherwise payable. A valuation allowance has been recorded against the future tax assets, as the Company cannot demonstrate that it is more likely than not that these assets will be realized by the application of these losses to reduce or eliminate taxes on taxable income during the carryforward periods.

The losses expire as follows:	Canada (CAD $)	U.S. (US $)
2007	$ —	$ 3,300,000
2008	400,000	3,300,000
2009	21,200,000	2,300,000
2010	17,400,000	1,600,000
2011	—	1,500,000
2014	18,100,000	—
2015	7,400,000	—
Thereafter to 2026	—	19,300,000

15. COMMITMENTS

The Company has leased office space under a lease which was amended on May 8, 2006 resulting in the expiry being extended to July 31, 2008. The lease contains an early termination clause whereby after July 31, 2007 either the landlord or the Company can cancel the lease upon ninety days prior written notice. The estimated cost remaining under the lease obligation reflected in the commitment table below assumes no early termination.

The Company has leased office space in Islamabad for a two year term expiring on June 14, 2008. The lease contains an early termination clause whereby either the landlord or the Company can cancel the lease upon sixty days prior written notice. The estimated cost remaining under the lease obligation reflected in the commitment table below assumes no early termination.

A summary of the Company's above commitments as at September 30, 2006 for the next five calendar years is:

	Premises Leases	Total
2006	$ 50,541	$ 50,541
2007	202,162	202,162
2008	112,898	112,898
2009	—	—
2010	—	—
thereafter	—	—
	$ 365,601	$ 365,601

With respect to the Company's oil and gas interests (see Note 5), the Company is obligated to fund its cash contributions under the various farm-in agreements relating to the acquisition of seismic data, shooting seismic, and the drilling of wells, which commitments over the next three years are estimated to be approximately US $58.2 million. The table above does not reflect these commitments due to the uncertainty of the amounts and timing of the expenditures. Included in the aforesaid figure is US $3,085,625 representing the Company's commitments under petroleum exploration licenses pertaining to the following Pakistan blocks exploration licenses: Karsal US $100,000; Salam US $106,250; Mirapur Mathelo US $89,375; Badin IV North US $1,300,000; and Badin IV South US $1,490,000. The Company has provided US $3,085,625 in bank guarantees, secured by funds the Company put on deposit with a bank, to the Government of Pakistan in connection with the minimum estimate of the Company's financial obligations under the aforesaid petroleum exploration licenses.

16. FINANCIAL INSTRUMENTS

Risk Management

The Company, as part of its operations, carries a number of financial instruments. The Company does not utilize derivative financial instruments to manage various types of risks. The Company is exposed to the following risks related to financial assets and liabilities:

(i) Interest Rate Risk

The Company maintains its short-term deposits in instruments that are redeemable after 30 days without penalty, thereby reducing its exposure to interest rate fluctuations thereon. Most of the Company's loans receivable were for terms not exceeding one year, with the balance of the loans receivable for terms of less than two years, thereby reducing the Company's exposure to interest rate fluctuations. Other interest rate risks on the Company's September 30, 2006 debt obligations are not considered material.

(ii) Credit Risk

Credit risk arises from the possibility that the entities to which the Company provided loans may experience difficulty and be unable to fulfill their obligations. The Company mitigates this risk of credit loss through the diversification of its existing portfolio and limiting its exposure to any one entity. Credit assessments were conducted in respect of new entities/borrowers.

Accounts receivable and loans and notes receivable are assessed on a regular basis by management to ensure the credit worthiness of debtors and the ultimate collection thereof.

(iii) Foreign Currency Exchange Risk

The Company is exposed to risks arising from fluctuations in foreign currency exchange rates and the volatility of those rates. At September 30, 2006 the Company's primary exposures related to U.S. dollars held on deposit, advances to U.S. and Bermuda subsidiaries and entities, and accounts payable and accrued liabilities payable in U.S. dollars.

(iv) Fair Value

The fair value of the majority of the Company's financial assets and liabilities approximate their recorded values at September 30, 2006 as the fair value is determined to be the market or exchange value of the assets or liabilities. Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

(v) Summary of Significant Financial Instruments

The significant financial instruments of the Company, their carrying values and the exposure to US dollar denominated monetary assets and liabilities, as of September 30, 2006 are as follows:

	Total	US $ Denominated
Cash and short-term deposits	$ 21,591,496	$ 3,682,879
Accounts receivable	364,664	127,188
Restricted cash deposit	3,949,721	3,086,446
Accounts payable and accrued liabilities	2,309,461	1,235,103
Notes payable	$ 863,426	$ 190,951

17. LITIGATION AND CONTINGENCIES

The Company assesses each lawsuit on an action by action basis as to the probability that a claim will be successful. Claims are not reflected as an asset or liability or an expense or recovery in the consolidated financial statements until such time as there is a high degree of probability that the claim will be successful, taking into consideration all avenues of appeal and settlement. The litigation and contingencies are:

A) The Lodge at Waterton Lakes

The Company's subsidiary, The Lodge at Waterton Lakes Inc., and The Lodge at Waterton Lakes Limited Partnership (collectively "Waterton"), that owned and operated the hotel was sued by the Royal Trust Corporation of Canada ("Royal Trust") for foreclosure on its first mortgage, which foreclosure was granted by judicial sale. Royal Trust seeks to recover $2,814,969 (being the claimed shortfall between the net proceeds from the judicial sale and the outstanding debt secured by the property) plus additional interest and costs from the defendants, on a joint and several basis. Also named in the lawsuit were certain guarantors of the loan secured by this mortgage. These guarantors have alleged that the Company assumed their obligations pursuant to the guarantees. Royal Trust has also filed an amended statement of claim adding the Company as a defendant. The Company believes it has valid defenses to this claim.

The original unit-holders and shareholders of Waterton commenced an action against the Company and Waterton for non-performance on the $650,000 third mortgage incurred on the acquisition of Waterton. While the Company believes it has valid defenses to this claim, the principal amount of the third mortgage is still recorded as a note payable (see Note 9).

B) Sulphur Corporation of Canada Ltd. ("Sulphur")

The Company previously appointed a receiver under the Company's security over the assets of Sulphur, and the Company had been successful in recovering funds under the security it held over the assets of Sulphur. In October 2004 the Company was served with a Writ of Summons and Statement of Claim filed in the Supreme Court of British Columbia by F & M Installations Ltd. ("F & M"). F & M is claiming $3.9 million plus damages from the Company in respect of services performed by F & M for Sulphur Corporation of Canada Ltd. The plaintiffs have not taken any actions to move the case forward since filing their statement of claim. On the basis of the information currently available to the Company, it believes that this claim is without merit and it will defend this position. The outcome of this matter cannot be determined at this time.

C) Mr. Peter Workum, Mr. Theodor Hennig, Cheshire Capital Inc., Lexington Capital Ltd., Ashland Holdings Corp., Strategic Investments Fund, Mr. Pedro Wick and Mr. Gilbert Schoeni, officers of Cofima Finanz AG

Since the fall of 2002, the Company has been involved in litigation with Messrs. Workum and Hennig, as well as certain other corporations and individuals. The litigation involves claims by the Company and its subsidiary, EnerGCorp, Inc., as well as claims and counterclaims by Messrs. Workum and Hennig. The litigation involves lawsuits in Alberta, British Columbia, and Arizona.

On November 30, 2006, the Company entered into a Settlement Agreement with Messrs. Workum and Hennig and their respective wives pertaining to the litigation described above. The proposed settlement is subject to the fulfillment of a number

of conditions, including but not limited to: (i) the approval by the judicial bodies to which bankruptcy or similar filings have been made by Mr. Workum, and (ii) the variance of a cease trade order by the Alberta Securities Commission. The terms of the Settlement Agreement are subject to a confidentiality agreement.

The Company has previously obtained default judgments against the other individuals and corporate defendants in the Alberta litigation. To date the Company has received approximately $2.3 million pursuant to these default judgments. These defendants are not parties to the Settlement Agreement with Messrs. Workum and Hennig.

D) Chateau Hotels

The Company previously had loaned $582,419 to Chateau Hotels and Resorts Inc. ("Chateau") (see Note 4). A company related to Chateau is claiming that it is owed a total of approximately $900,000 for services performed pursuant to an oral agreement. The company related to Chateau has requested payment of the balance and the Company's management has refused. The company related to Chateau has filed a statement of claim and the Company has filed a claim against Chateau for the balance of the note plus interest. The outcome of this matter is not determinable at this time.

E) Hudson & Company et al ("Hudson")

The Company brought an action in September 2003 against Hudson, the former auditors of the Company, alleging breach of contract, negligence, and breach of statutory duty in the performance of its audit of the Company's financial statements for the fiscal years 1998 to 2001, inclusive. Hudson is defending this claim and has brought a third party action against Peter Workum, the Company's former CEO, and Theodor Hennig, the Company's former CFO. Theodor Hennig and Peter Workum are defending the third party claim. The Company intends to vigorously pursue its claims against Hudson.

F) Provisions for Uncollectible Amounts

The Company is pursuing collection on all amounts due as described in Notes 3 and 4 to the extent practical. Any recovery will be recognized as income in the year of collection.

G) Directors and Officers Contingency

The Company has provided indemnity agreements to its present and certain former officers and directors, and as well, it has provided indemnification to its directors, officers and employees pursuant to the Company's by-laws and the Canada Business Corporations Act. In furtherance of the Company's indemnification to certain present and former directors and officers against claims and liabilities that may arise as a result of their association with the Company, the Company put $5 million into a trust account, which account and funds are subject to an agreement as to their utilization. In April 2006, the funds held in trust were reduced to $500,000. These funds are included in the restricted cash deposits in the consolidated balance sheet (see Note 6).

18. NON-CONTROLLING INTEREST IN SUBSIDIARIES

The Company re-assessed the estimated carrying value of the non-controlling interests relating to the Company's US operations and entities, resulting in a change in the estimated carrying value of these non-controlling interests. The carrying value of the non-controlling interests was reduced to $833,298, with the $936,211 reduction reflected as non-controlling interest in subsidiaries income in the statement of earnings.

19. CHANGES IN NON-CASH BALANCES RELATED TO OPERATIONS

Year ended September 30	2006	2005
Accounts receivable	$ 1,961,627	$ (1,912,387)
Inventories	—	24,884
Prepaid expenses and deposits	(251,942)	(29,860)
Restricted cash, net	1,082,650	(32,371)
Loans and notes receivable	(47,171)	(57,867)
Accounts payable and accrued liabilities	898,861	(3,251,951)
Customer deposits	—	(5,155)
Income taxes payable	(125,310)	(15,086)
Deferred revenue	(286,447)	284,425
	$ 3,232,268	$ (4,995,368)

Non-cash transactions for the year ended September 30, 2006 included (refer to Note 10): (i) the 4,958,838 common shares with an attributed value of $23,186,199 issued in connection with the purchase of the oil and gas interests; (ii) the 900,000 broker warrants, having an imputed value of $433,572, issued in connection with the Company's private placement; (iii) the grant of stock options to purchase an aggregate of 4,300,000 common shares to which the Company imputed a compensation amount of $3,929,220; and (iv) the grant of stock options in fiscal 2005 to acquire an aggregate of 1,620,000 common shares for which the Company reflected an imputed compensation expense of 83,657 (2005 – $194,111).

20. SUBSEQUENT EVENTS

A) Proposed Purchase of Pyramid Energy International Inc.

On November 3, 2006, the Company signed a Share Purchase Agreement, to acquire, together with Petroleum Exploration (PVT.) Limited ("PEL"), all of the issued and outstanding shares of Pyramid Energy International Inc. ("Pyramid") from Asia Resources Oil Ltd. and Industrial Support Limited. Pursuant to the terms of the Share Purchase Agreement among the parties, Jura will acquire 66.665% of the shares of Pyramid and PEL will acquire the remaining 33.335% of the Pyramid shares.

Pyramid's only asset is a 15.7895% interest in Block 22, which is in the Central Gas Basin in Pakistan. The Block 22 assets comprise three gas fields, Hasan, Khanpur and Sadiq, together with the Hamza appraisal area. The fields are currently producing

approximately 16 million cubic feet per day of gas into a processing facility located adjacent to the Hasan Field from where it is delivered and sold to the Sui Northern Gas Pipeline Ltd. Two new production wells have been budgeted and are currently scheduled to be drilled in the first half of 2007. Block 22 is operated by PEL. Jura's portion of the budgeted costs for the drilling of these production wells is US $421,000, assuming the acquisition is completed.

The consideration for Jura's interest in Pyramid is approximately US $4,800,000 in cash, plus US $1,106,700 in common shares of Jura. Completion of the transaction is subject to TSX approval and to approval of the Government and State Bank of Pakistan, as well as other customary closing conditions. The transaction is expected to close prior to January 6, 2007.

In connection with this proposed purchase, the Company has agreed to lend approximately US $2,928,000 to PEL, representing PEL's purchase consideration for its interest in Pyramid. This loan will be secured by the shares PEL holds in Pyramid and a promissory note from PEL, bear interest at LIBOR plus 1.5%, and will be repaid by set-offs against cash calls by PEL (as operator) relating to the Company's other Pakistan oil and gas interests.

B) Litigation – Proposed Settlement

On November 30, 2006, the Company entered into a Settlement Agreement with Messrs. Workum and Hennig and their respective wives pertaining to the litigation described in Note 17(c). The proposed settlement is subject to the fulfillment of a number of conditions, including but not limited to: (i) the approval by the judicial bodies to which bankruptcy or similar filings have been made by Mr. Workum, and (ii) the variance of a cease trade order by the Alberta Securities Commission. The terms of the Settlement Agreement are subject to a confidentiality agreement.

C) Stock Option Plan and Grant of Stock Options

On December 13, 2006, the board approved amendments to the stock option plan of the Company (as amended and restated (the "Plan")). Among other things, the Plan was amended as follows: (a) consultants were added as eligible participants under the Plan, subject to the discretion of the board; (b) the aggregate number of common shares issuable under the Plan being limited to a "rolling" 10% of the total number of common shares issued and outstanding from time to time; (c) the number of common shares (i) issued to insiders within any one year period, and (ii) issuable to insiders at any time, under the Plan and under all other security based compensation arrangements of the Company, if any, being limited to not more than 10% of the number of common shares that are outstanding from time to time; (d) the exercise price for stock options issued under the Plan will be fixed by the board, and cannot be less than the "Market Price" of the common shares at the time of grant, calculated in accordance with the TSX rules based on the volume weighted average trading price of the common shares as reported on the TSX for the five trading days immediately preceding the day on which the stock option is granted.

Following the approval of the Plan by the board, an aggregate of 2,140,000 stock options, with an expiry date of December 13, 2011, were approved by the board (the "Conditional Grants"). The exercise price for the Conditional Grants has yet to be determined. The Conditional Grants vest as follows: 713,333 on shareholder approval of the Conditional Grants; 533,333 on July 1, 2007; 180,000 on December 13, 2007; 533,334 on July 1, 2008; and 180,000 on December 13, 2008. The Company has received TSX approval for the amendments to the Plan and the Conditional Grants, however, shareholders will also be required to approve the implementation of the Plan and to ratify the Conditional Grants for each of the amendments and the Conditional Grants to be effective. In addition, shareholders will also be required to reaffirm the Plan every three years.

21. SEGMENTED INFORMATION

The Company has two reportable business segments, being its (a) oil and gas operations carried out in Pakistan, and (b) its remaining merchant bank operations, carried out in Canada and the United States.

2006	Canada	USA	Subtotal	Pakistan	Consolidated
Total revenues	$ 2,094,854	$ 504,133	$ 2,598,987	$ —	$ 2,598,987
Operating loss	(1,593,557)	(1,448,557)	(3,042,114)	(96,786)	(3,138,900)
Depreciation and amortization	10,118	—	10,118	8,136	18,254
Interest	7,119	404	7,523	—	7,523
Write-downs (recoveries)	(47,851)	—	(47,851)	—	(47,851)
Loss before income taxes, non-controlling interest, and discontinued operations	(1,562,943)	(1,448,961)	(3,011,904)	(104,922)	(3,116,826)
Income taxes	(42,167)	—	(42,167)	—	(42,167)
Non-controlling interest	—	(936,211)	(936,211)	—	(936,211)
Discontinued operations loss	—	—	—	—	—
Net loss	$ (1,520,776)	$ (512,750)	$ (2,033,526)	$ (104,922)	$ (2,138,448)
Segment assets	$ 22,238,449	$ 335,592	$ 22,574,041	$ 49,169,882	$ 71,743,923
Segment oil and gas properties	$ —	$ —	$ —	$ 45,313,221	$ 45,313,221

2005	Canada	USA	Subtotal	Pakistan	Consolidated
Total revenues	$ 4,510,743	$ 415,299	$ 4,926,042	$ —	$ 4,926,042
Operating loss	(144,749)	(2,639,942)	(2,784,691)	—	(2,784,691)
Depreciation and amortization	110,169	—	110,169	—	110,169
Interest	20,585	563	21.148	—	21,148
Write-downs (recoveries)	(175,373)	(243,580)	(418,953)	—	(418,953)
Loss before income taxes, non-controlling interest, and discontinued operations	(100,130)	(2,396,925)	(2,497,055)	—	(2,497,055)
Income taxes	—	122	122	—	122
Non-controlling interest	—	—	—	—	—
Discontinued operations loss	(463,308)	—	(463,308)	—	(463,308)
Net loss	$ (563,438)	$ (2,397,047)	$ (2,960,485)	$ —	$ (2,960,485)
Segment assets	$ 32,685,523	$ 642,896	$ 33,328,419	$ —	$ 33,328,419
Segment oil and gas properties	$ —	$ —	$ —	$ —	$ —

CORPORATE INFORMATION

Directors and Officers

Stephen C. Akerfeldt
Chairman & Director
Toronto, Ontario

Robert D. Cudney
Director
Toronto, Ontario

Frank L. Davis
Director
Toronto, Ontario

Shirley J. Farr
Corporate Secretary
Calgary, Alberta

Graham S. Garner
Executive Vice President & Director
Calgary, Alberta

Nigel R. McCue
President, Chief Executive Officer & Director
Dubai, United Arab Emirates

Michael D. Noble
Vice President Exploration
Dubai, United Arab Emirates

Paul H. Rose
Vice President Finance & Chief Financial Officer
Calgary, Alberta

A. Murray Sinclair
Director
Vancouver, British Columbia

Financial Information

BANKER

HSBC
407 – 8th Avenue S.W.
Calgary, Alberta

LEGAL COUNSEL

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario

AUDITORS

Mintz & Partners, LLP
One Concorde Gate, Suite 200
North York, Ontario

TRANSFER AGENT

Computershare Trust Company of Canada
600, 530 – 8th Avenue S.W.
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Trading Symbol: JEC

INVESTOR RELATIONS

Graham S. Garner
Executive Vice President
Telephone: (403) 266-6364
Fax: (403) 266-6365
E-mail: info@juraenergy.com
Website: www.juraenergy.com

JURA ENERGY CORPORATION

Suite 227, 200 Barclay Parade SW
Calgary, Alberta
Canada
T2P 4R5

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